LEGISLATIVE COUNCIL

Tuesday 5 December 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.

The PRESIDENT: I acknowledge that we are meeting on Eora land.

PARLIAMENTARY ETHICS ADVISER

The President tabled, pursuant to the terms of the agreement made with the Clerk of the Parliaments and the Clerk of the Legislative Assembly, the annual report of the Parliamentary Ethics Adviser for the year ended 30 November 2000.

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

That the publication of the report be authorised.

BILLS UNPROCLAIMED

The Hon. E. M. Obeid tabled a list detailing all legislation unproclaimed 90 calendar days after assent as at 4 December 2000.

TABLING OF PAPERS

The Hon. E. M. Obeid tabled the following reports:

Superannuation Administration Authority for the period 1 July 1999 to 31 July 1999
FreightCorp Annual Report 2000
Internal Audit Bureau of New South Wales Annual Report 1999-2000
Mines Rescue Board of New South Wales Annual Report for the period ended 30 June 2000
Sydney Ports Corporation Annual Report 2000
Report of the Minister for Education and Training on performance of schools, dated November 2000
Report of the Minister for Fisheries on review of the Fisheries Management Act 1994, dated 30 November 2000

Ordered to be printed.

PARLIAMENTARY ETHICS ADVISER

Consideration of the Legislative Assembly's Message

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

That:

(1) this House directs the President to join with the Speaker to make arrangements for the appointment of Mr Ian Dickson as Parliamentary Ethics Adviser, on a part-time basis, on such terms and conditions as may be agreed from the period beginning 1 December 2000;

(2) the function of the Parliamentary Ethics Adviser shall be to advise any member of Parliament, when asked to do so by that member, on ethical issues concerning the exercise of his or her role as a member of Parliament (including the use of entitlements and potential conflicts of interest);

(3) the Parliamentary Ethics Adviser is to be guided in giving this advice by any code of conduct or other guidelines adopted by the House (whether pursuant to the Independent Commission Against Corruption Act or otherwise);

(4) the Parliamentary Ethics Adviser's role does not include the giving of legal advice;

(5) the Parliamentary Ethics Adviser shall be required to keep records of advice given and the factual information upon which it is based;

(6) the Parliamentary Ethics Adviser shall be under a duty to maintain the confidentiality of information provided to him in that role and the advice given, but that the Parliamentary Ethics Adviser may make advice public if the member who requested the advice gives permission for it to be made public;

(7) this House shall only call for the production of records of the Parliamentary Ethics Adviser if the member to which the records relate has sought to rely on the advice of the Parliamentary Ethics Adviser or has given permission for the records to be produced to the House;

(8) the Parliamentary Ethics Adviser is to meet with the Standing Ethics Committee of each House annually;

(9) the Parliamentary Ethics Adviser shall be required to report to the Parliament prior to the end of his annual term on the number of ethical matters raised with him, the number of members who sought his advice, the amount of time spent in the course of his duties and the number of times advice was given; and

(10) the Parliamentary Ethics Adviser may report to the Parliament from time to time on any problems arising from the determinations of the Parliamentary Remuneration Tribunal that have given rise to requests for ethics advice and proposals to address these problems.

Message forwarded to the Legislative Assembly advising it of the resolution.

UNIVERSITY OF WESTERN SYDNEY AMENDMENT BILL

Second Reading

Debate resumed from 1 December.

The Hon. G. S. PEARCE [11.07 a.m.]: The University of Western Sydney is an extraordinary institution. As Sydney's third-largest university and one of the 10 largest in the country, it has produced more than 30,000 graduates. Currently the university has 29,000 students and 3,000 staff. It is a huge employer in the region, and it is essential for the morale of western Sydney, a region which has had limited tertiary education opportunities. The university was established in 1989 when three former colleges of advanced education—Hawkesbury, Macarthur and Nepean—were amalgamated. However, because of this genesis many of the university's administrative structures have existed in triplicate. It is hardly surprising, therefore, that the 1999 Auditor-General's Report expressed concern at the university's administration expenses. It highlighted a lack of co-operation between the different campuses, noting that at times they actively competed for resources. The costs of administration were highlighted as being particularly cumbersome. The Auditor-General said:

> The Audit Office is of the opinion that the cost of administration of the university is unnecessarily high and could be reduced. In addition, its approach to administration can place barriers in the way of potential students and other users of the university.

The Vice-Chancellor of the University of Western Sydney was a little more colourful in her description. In a presentation to the board of trustees on 2 June 2000 she said:

> It was becoming undeniable … that we were expending scarce resources and much staff and student goodwill in trying to work as one when we were, in fact, three. Someone likened it to being yoked in a group of three runners in a four-legged race! Getting to the finishing line as one was not possible without false starts, fumbles and falls. And it was not a race that many really wanted to be in.

This bill will change the university from a federated structure to a unitary one. Rather than existing as three linked but separate structures, the university will now have one administration to oversee all six campuses. I have been advised that there is a significant level of concern amongst the staff at the University of Western Sydney about redundancies and resignations. The Government must explain what action it is taking to address these issues. On the whole, however, the new unitary structure should have a number of positive effects. It is estimated that $10 million will be saved in the first year alone, which is 12.5 per cent of the administration budget of the university. However, more importantly, the new structure will greatly benefit the most important people in the whole process: the students.

Because of the separate structure, academics have often been isolated from each other, and the sharing of ideas or collaboration on course development are sacrificed. The University of Western Sydney has often taught two or three courses in the same discipline in isolation from each other. Other anomalies were also prevalent. Some students have not been able to borrow books from the University of Western Sydney libraries, and some students have not been able to choose subjects across all campuses. In short, the students were not able to utilise all of the facilities and resources that should have been available to them because of the federated structure. Under the new unitary structure these problems should disappear. This is good news for the university, and it is good news for the people of western Sydney, where half the students have found employment.

Western Sydney has a population of about 1.7 million, and it is one of the fastest growing regions in the country. Almost one-third of the population of the region is under 19 years of age. It has a high percentage of people from non-English speaking backgrounds. Western Sydney symbolises Sydney in the twenty-first century.

The University of Western Sydney symbolises Australian universities in the new millennium. Almost 60 per cent of the students of the University of Western Sydney are the first in their families to attend university, and more than 40 per cent of them come from non-English speaking backgrounds.

The university has built a strong reputation for applied courses that suit the growing information and services sector of the regional economy. The university has just established the Sydney Graduate School of Management, which will offer a Master of Business Administration and make it possible for professionals who want to improve their qualifications to study locally. This will be of great benefit to the region, which is now home to some 72,000 businesses that generate approximately $54 billion annually. Almost 20 per cent of Australia's top 500 exporters, including three of the top 10, are located in greater western Sydney. The University of Western Sydney has also built a fine reputation in research.

In 1998 the university earned more than $8 million in external research income, which included more than 250 projects. Last month the university received $2.3 million in Commonwealth grants for industry-related research under the Strategic Partnerships in Research and Training program. Organisations with which the university has worked are as diverse as Hawker de Havilland aircraft, the CSIRO, the Australian Coal Board and the Pig Research and Development Corporation. Earlier this year the BHP materials testing research team located from Melbourne to the Penrith campus of the University of Western Sydney. This was a major boost to the engineering research program of the university, and ensured that local heavy industry now has access to research and advice of an internationally recognised industry research unit.

The university has also developed a major research profile in environmental science, and researchers at its Hawkesbury and Penrith campuses are leaders in a study of the ecology of the Nepean River valley. The University of Western Sydney is at the cutting edge of research in this country. Let us consider one specific example: Professor Philip Moore from the university and Dr Mark Eisenberg from Ortec International have been investigating the construction of cultured human skin following a graft to host animals. The aim of the project is to assess whether this scheme has long-term viability for eventual application to humans. Although it originally started as a small-scale program, it is now in its fourth year, and it is a very successful collaborative funded program.

The project involves the application of cultured composite skin grafts to hairless mice for two or three weeks, which is then harvested for histological processing, tissue staining and microscopy. Obviously, the benefits to people suffering from burns or skin abnormalities could be enormous, but there are other not so obvious advantages. Professor Moore has been investigating how the insulin gene can be incorporated into the cultured skin, then grafted onto diabetic mice. The results have been very positive. The mice have received insulin at a constant rate, whether or not food is eaten. The possible benefits to humans are immense, and could massively change the lifestyles of those with diabetes.

In 1999 the work of Professor Moore was showcased at Europe's premier biotechnology trade affair, proving that the University of Western Sydney is a player on the international stage in this area. There are many more examples like this. The Western Sydney Research Institute has also done excellent work on heavy transport use of environmentally superior fuels. This reform to the university structure will facilitate more aggressive marketing and publicity of the research and support facilities at the university. It will assist many of the 72,000 businesses and new businesses in the region. The University of Western Sydney has been extremely successful in establishing a business-focused research culture in its brief history, but the quality of its researchers and business liaison staff mean that it can definitely do much more. The new structure will reduce administrative overheads, and will make it possible for the university to focus all its energies on developing a single research department and business service plan. I congratulate the Vice-Chancellor, Professor Janice Reid, on her vision, diligence and commitment to the university reform process. I commend the bill to the House.

The Hon. HELEN SHAM-HO [11.15 a.m.]: I support the University of Western Sydney Amendment Bill, which will change the structure of the university from a federated structure to a unitary structure. I was the representative of the Legislative Council on the Foundation Board of Governors when the University of Western Sydney was first established. I would not miss this opportunity to say something about it. I would like to pay tribute to Sir Ian Turbott, the Foundation Chancellor of the university who, at the end of the year, will retire after 11 years service. Last night I attended his farewell dinner at Parliament House.

About 200 people attended the dinner, including the Minister for Education and Training, the Hon. John Aquilina; my colleague the Hon. Jan Burnswoods; Andrew Tink, Kevin Rozzoli and Gabrielle Harrison from the lower House; other vice-chancellors; members of the judiciary and the bar; past and present members

of the Board of Governors; and academic staff. It was a very enjoyable and pleasant evening. Sir Ian is a very inspiring individual who has shown great vision in his position. He has guided the development of the University of Western Sydney from 700 students to 37,000 students. Sir Ian is a very generous gentleman.

For example, when I was a member of the Foundation Board of Governors the board met at 9.00 a.m. on Mondays at the Hawkesbury campus of the university. At the time I lived at Balgowlah, so I would leave home at 7.00 a.m. to ensure that I would arrive at the meeting at 9.00 a.m. However, despite my best efforts I was always five or 10 minutes late, if not later. Sir Ian, who lived at Seaforth, close to my home, kindly offered to pick me up to ensure that I would arrive at the meeting on time. I never took him up on his offer. I wish Ian all the very best in his retirement. Western Sydney is a rapidly growing area with a large population. Transport to the west is continuing to improve and it should improve even further in the next decade.

The proposed Parramatta to Chatswood rail link, which we debated earlier this year, will improve transport from the west through to the north, and should make travel to the University of Western Sydney, Macquarie University and the University of Technology, Sydney, much easier from northern and western areas. Bus hubs in Parramatta and Liverpool should also facilitate easier transport in western Sydney. It is practical for students and staff from the greater west to have access to a university in their local area. There is no doubt that western Sydney is a growing area. Education is the foundation upon which our society is built, and there is no doubt that young people are the future of our country. Therefore it makes sense for us to encourage them to pursue further studies after they leave school.

I completed a Diploma of Social Work as well as a Bachelor of Arts at the University of Sydney, and I later pursued a Bachelor in Legal Studies at Macquarie University as a mature-age student. I have encouraged my children, staff members, other young people and mature-age people to strive to further their learning at university. I gather from Sir Ian's Turbott's speech last night that the University of Western Sydney caters not only for school leavers but also many mature-age students who are undertaking post-graduate studies. I understand that Sir Ian's speech was recorded as taking 61 minutes to deliver. It was a quite long, innovative and interesting farewell speech, and I was very touched by it. Despite the length of the speech, those present listened very intently to it.

Over the years I have served on the governing bodies of three universities as the Legislative Council's representative. I thoroughly enjoyed each of those periods of service. At present I am a member of the University of Technology, Sydney council. In the past I also served on the council of Macquarie University. From 1989 until 1991 I was on the board of governors of the University of Western Sydney, as I said earlier. It is important that universities have efficient administration, so that their funds can be used to provide better quality education for students and improved educational facilities for academics and students.

Because of its history as three former colleges of education and its retention of some of their separate traditions, the University of Western Sydney has experienced some problems. Sir Ian referred in his speech to the problems of those colleges of education and their state of near collapse. The three colleges of education became the University of Western Sydney, Hawkesbury, the University of Western Sydney, Macarthur and the University of Western Sydney, Nepean. As the university currently operates, there are three separate university councils, three separate chief executive officers, three administrative structures, three different sets of academic rules, and even three separate information technology systems. No doubt that means much duplication and the waste of resources.

The University of Western Sydney has six campuses and, as I said, more than 30,000 staff and students. Many of the resources are diverted from teaching, research and learning to fund the administration. That is not right, given the scarcity of resources, a fact that Sir Ian alluded to in his speech last night. He said that the allocation of funding to the university from the Federal Government is not adequate, and therefore ways and means have to be found to resource the university. In October 1999 the Auditor-General reported that the costs of the administration of the University of Western Sydney were "unnecessarily high and could be reduced". Furthermore, it was found that cumbersome administrative procedures caused problems for prospective students as well as the university community in general.

Over the past two years the university has vigorously pursued reforms. The Vice-Chancellor of the University of Western Sydney, Professor Janice Reid, and the board of trustees have consulted widely with students and staff, as well as with regional communities. Last October the vice-chancellor circulated within the UWS a publication entitled "The Shape of the Future—a structure for UWS in the 21st Century". I commend Professor Reid for her vision in doing that. That publication is accessible on the university's web site, which also has a noticeboard on which staff and students can place their views. I am very pleased that the university is being so open-minded and democratic in formulating a new vision for UWS.

The proposed reforms follow the model formulated by Charles Sturt University, which has made a successful transformation from a federated university to a unitary university. In late August I went on a parliamentary visit to Charles Sturt University, Wagga Wagga. That visit was arranged by the Parliamentary Secretary, the Hon. I. M. Macdonald. It was a very interesting experience, and I was most impressed with its operation. We saw the university in operation and met with academics and students, toured the equine centre and national wine and grape industry centre, and learned about the university's activities in training officers of our Police Service. From that visit, it seems to me that Charles Sturt University is functioning extremely well. It has excellent facilities and innovative courses.

I take this opportunity to commend the Vice-Chancellor and Chancellor for the wonderful work that they have done for Charles Sturt University. The Hon. Jennifer Gardiner, a former representative of the Legislative Council on that university council, was a member of the visiting party. I was impressed with the participation and involvement of both the Hon. Jennifer Gardiner and the Hon. I. M. Macdonald in the council's work. Inter-campus rivalry and competition are not conducive to a cohesive and co-operative university. Dr Stephen Matchett from the University of Western Sydney informed the crossbench that there have been some problems in communication and co-ordination between the diverse campuses of the university. He urged us to support the bill to ensure that the UWS can develop efficiency through synergies. I certainly support his call.

This bill, although small in number, is anticipated to herald changes that should save the university about $10 million a year in administration costs. Vice-Chancellor Professor Janice Reid has especially sought the input of students to ensure a lasting, positive outcome for the present and future students of the university. The vice-chancellor has assured students that they will be able to complete their studies on the same campus. UWS has four colleges that will teach on all six campuses, making it easier for students to pursue their course of choice without having to travel between the different campuses. Those colleges are the College of Arts, Education and Social Sciences, the College of Business and Law, the College of Health and Human Services and the College of Science, Technology and the Environment.

When I was on the board of governors, law study was just being discussed. I am pleased that it is now an established course and is being pursued by students. As regards staff, the university will advertise positions internally to utilise the skills of the existing staff. No forced redundancies are foreseen as a consequence of the restructuring. Finally, I congratulate the University of Western Sydney on the progress it has made over the past 11 years. I congratulate the three vice-chancellors, Professor Smith, Professor Schreuder and Professor Reid. This bill represents a new chapter in the university's history, and it has been possible only through extensive consultation. I am pleased to support this initiative. Once more I congratulate the foundation Chancellor, Sir Ian Turbott, and wish him well for his retirement. I welcome the new Chancellor, Mr John Phillips, who no doubt has big shoes to fill.

The Hon. Dr B. P. V. Pezzutti: What about the deputy vice-chancellor?

The Hon. HELEN SHAM-HO: I have already congratulated Vice-Chancellor Janice Reid on the fantastic job she has been doing. I met Professor Reid in the first week of her becoming vice-chancellor the University of Western Sydney, more than 2½ years ago. Since then we have struck up a very good relationship.

The Hon. Dr B. P. V. Pezzutti: What about the deputy vice-chancellor?

The Hon. HELEN SHAM-HO: I do not know the deputy vice-chancellor. I commend the bill to the House.

The Hon. Dr P. WONG [11.28 p.m.]: I congratulate the Government on the University of Western Sydney Amendment Bill. The University of Western Sydney was formed in 1989 as a federation based on the Hawkesbury Agricultural College and the Nepean College of Advanced Education. The University of Western Sydney Act was passed in January 1989, and was subsequently amended to include the Macarthur Institute of Higher Education. The University of Western Sydney is the only university that is easily accessible by people living in Sydney's outer west. It was obvious that the federated structure would be a temporary body, which eventually needed to be replaced by a unitary institute.

The existing administration body obviously is not suitable to manage six campuses and more than 30,000 staff and students. With the increasing number of students, falling revenue from the Commonwealth and competition from other universities, the agenda for reform has become more urgent. The passage of this bill will mean that the UWS will be able to operate as a single multicampus university from January 2001. I note that the

restructuring of the university was carried out after careful planning and a thorough consultation process with the staff and student bodies. I note also that there will be active student participation in the implementation steering committee. My only doubt is whether the students will be represented at board level.

I understand that recently there has been disquiet among staff and students associated with the restructure. I hope that with the passage of this bill the spirit of unity will prevail. The new structure will offer an increased range of courses for students as well as providing savings in the administration of the university. Hopefully, the new structure will be able to offer better facilities for students as well. The UWS is still growing. At present some students are using it as a stepping stone to more glamorous universities. However, speaking as someone who works in the western suburbs, I have noticed that many overseas and local students are attracted to the UWS. I hope that with its restructuring and recent academic achievements the university one day will be one of the top world-class universities. I believe this is a good bill and I wish the UWS all the best for the future.

Reverend the Hon. F. J. NILE [11.31 a.m.]: The Christian Democratic Party supports the University of Western Sydney Amendment Bill. The purpose of the bill is to amend the University of Western Sydney Act 1997 to change the university from a federated institution to a unitary institution. Honourable members are aware of the criticism by the Auditor-General not only of duplication but of triplication of administrative structures at the University of Western Sydney because of the operation of the three former colleges of advanced education. If this bill is passed the saving will apparently be at least $10 million. As a member of the Council of the University of Wollongong for four years I was aware of the great pressure applied to university bodies. That was for a number of reasons. One major reason was certainly the reduction since 1996 of Commonwealth funding for universities.

It is clear that if this bill is not passed the only alternative for the three separate administrative bodies of the University of Western Sydney will be the cancellation of courses, the sacking of staff and so on. I am sure no-one wants that to happen. It is far better to make administrative savings by implementing a unitary structure so that there will be one central administration. Obviously, that will lead to cost savings and, in the long run, greater efficiency for all concerned, both staff and students. This bill provides for a number of campuses: initially Bankstown, Blacktown, Campbelltown, Hawkesbury, Parramatta and Penrith. At some future date any one of those campuses, Campbelltown for example, could develop into a strong enough university to become independent.

The bill also removes provisions for establishing university members and provides for their chairs and principal executive officers. The bill provides for the election of two deputy-chancellors by the board and increases the number of members to be co-opted from one to two to allow for the co-opting of an indigenous board member. That is another initiative we support. The Christian Democratic Party received a letter dated 24 November from Janice Reid, the Vice-Chancellor of the University of Western Sydney, indicating support for the legislation. She said:

> The new structure follows the successful Charles Sturt University model and is designed to ensure the most effective use of resources for teaching and learning, research and community service across the six University of Western Sydney campuses.

Bearing in mind the support from the vice-chancellor, as well as the support of others connected with the University of Western Sydney, we are happy to support the bill.

The Hon. C. J. S. LYNN [11.35 a.m.]: I welcome the opportunity to speak on the University of Western Sydney Amendment Bill. The object of the bill is to replace the existing federated structure at the University of Western Sydney with a unitary structure. Since the Howard Government was elected in 1996 I have had to sit in this Chamber and listen to tales of woe from the professional socialists sitting opposite. They neglect to mention, of course, what John Howard inherited from the Keating Government: the size of the deficit, the $8 billion black hole, the unacceptably high levels of unemployment, unsustainable levels of inflation and so on. Education is a favourite topic, and a cutback in Commonwealth funding is being blamed for every sort of ill inflicted on the system.

Unfortunately, their arguments do not stand up to scrutiny. The evolution of the University of Western Sydney is a case in point. Nobody disputes the need for a university to service the educational needs of the 1.7 billion people from more than 100 cultural backgrounds who comprise the dynamic population of western Sydney. Nobody argues that western Sydney is a region that has been traditionally underresourced and undervalued. I have lived most of my adult life in western Sydney: in Moorebank, Glenfield, Penrith, Scheyville, Winmalee, Ingleburn, Holsworthy, Campbelltown and now Camden. My children were schooled in whatever suburb we lived in at the time. I have witnessed first hand the lack of resources they have had to contend with compared to others in more affluent areas. They have also suffered the stigma of being a westie.

Western Sydney, though, is a dynamic region. It is Australia's largest urban area with a gross domestic product equivalent to that of Singapore. Unfortunately, it is short of icons. It has the world-renowned natural heritage areas, such as the Blue Mountains National Park; the Hawkesbury-Nepean catchment area for Sydney's water supply; the historic homestead of our pioneers in Camden, Parramatta and Penrith; the early colonial creations of Francis Greenway at Windsor; and modern sporting structures at Homebush. But they are more associated with the specific areas to which they belong rather than to the greater western Sydney area.

In a sense, the University of Western Sydney is our primary icon. It has become a proud and enduring legacy for the people of the greater western Sydney area, which comprises 14 local government areas stretching from Bankstown to the Blue Mountains in the west and from Camden in the south to Cornelia in the north. It is a positive response to the growing demand for equity and access to higher education. It is a dream the people of western Sydney have always wanted for their children. The development of the university, firstly into a federated structure and now into a unitary structure, has not been without its problems and challenges. The lazy response is to blame somebody, anybody. In this case it is the Commonwealth Government because it has had the audacity to tighten the purse strings for the University of Western Sydney.

For those who have taken the time to study the 1999 performance audit report into the administration of the University of Western Sydney, a tightening of the purse strings is fully justified if it brings about the changes necessary to eliminate the unacceptable levels of waste and mismanagement identified by the Auditor-General. I am not convinced that the change from a federated structure to a unitary structure will solve the deep-seated parochial attitudes that obviously exist within the regional areas of Macarthur, Nepean and Hawkesbury, which comprise the university. That is not to say that I am not impressed with the excellent contribution of the Vice-Chancellor of the University of Western Sydney, Janice Reid, in her paper "The Shape of the Future: A Structure for UWS in the 21st Century". This detailed study examines the changes that have taken place over the past 11 years since the inception of the university in 1989.

Professor Reid makes the telling point that 10 years is not a long time in which to establish the optimal form, function and focus of any university. The study then highlights the important issues and challenges facing the university. It then addresses those issues with well-considered and forward-looking ideas that centre on developing a united University of Western Sydney [UWS] image and direction. I congratulate Professor Reid for her important contribution in guiding us towards a shared vision for an educational icon for our region.

I also acknowledge the contribution of the Federal member for Werriwa, Mark Latham, in his paper, "The Network University", which was delivered to the University of Western Sydney senior staff conference on 11 November 1999. One of the telling points in Latham's paper is his assertion that our universities are distinctive in their conformity, with the only evident variations being placed on status and resource allocation. He notes that the result of this mindset is a hierarchy of similar institutions rather than a variety of different institutions. I commend Mark Latham's paper to honourable members as it represents a major thought-provoking contribution to the debate on the future needs of higher education. His suggestions for a variety of different forms of resourcing of universities and his idea for a network university seem to have great merit for meeting the future higher education needs of Western Sydney.

The Hon. D. J. Gay: Kim Beazley should listen to him.

The Hon. C. J. S. LYNN: Indeed he should. I have some concerns with regard to the bill. I agree that the evolution to a unitary structure is inevitable given the deep-seated problems identified in the Auditor-General's report. However, I caution that no matter what structure we design for the university, the attitudes of the people within the system—the staff and students—will determine whether the system works or fails. The walk of the change agents must match the talk. The signs are not encouraging thus far. I will illustrate my concern with an example from the Macarthur region. A common theme throughout Professor Reid's paper on the structure of the UWS in the twenty-first century is the need for consultation with and identification with the local community. The University of Western Sydney Macarthur embraces the local government areas of Campbelltown, Camden and Wollondilly.

Under the leadership of former Deputy Vice-Chancellor, Professor David Barr, UWS Macarthur became an integral part of our business, social and educational community. Successful entrepreneurs who came to western Sydney as migrants and who did not have the opportunity to even finish school have generously donated their time and money to provide an opportunity for their children to have the educational opportunities they never had. It was a source of great mutual pride. When Professor Barr articulated his vision for a national leadership scholarship program to encourage the brightest students from Sydney's west to study in western

Sydney he called on Mr Tony Perich to find out whether he could raise funds from the local business community to support it—and support it they did. The pride in the program was evident in Professor Barr's message to prospective students from schools in the Macarthur area.

The Hon. D. J. Gay: What a great bloke Tony Perich is!

The Hon. C. J. S. LYNN: Indeed, he is a real leader in the western Sydney community and a great asset out there.

The Hon. D. J. Gay: And the whole family.

The Hon. C. J. S. LYNN: Indeed. Professor Barr's message was:

> Here at the University of Western Sydney we are proud of our place in south-west Sydney community as the centre for academic and research endeavours. We believe we have an important role to play in the promotion and recognition of excellence in the south-west. The national leadership scholarship program, which is a subset of the talented student advanced offer program, is a way for us to recognise both leadership and academic qualities in students from this region.
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> The talented student advanced offer program moves beyond the TER as a means of entering university. Outstanding year 12 students from south-west Sydney are nominated by their principals. Upon selection in the program the students are offered a guaranteed place at UWS, Macarthur, prior to sitting the Higher School Certificate exams.
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> Students accepted into UWS, Macarthur through this program also have the opportunity to apply for a national leadership scholarship. This unique scholarship is designed to help students from south-west Sydney reach their potential as the leaders of tomorrow in all walks of life. The recipients will be offered a series of leadership development opportunities over the period of their degree, including walking the Kokoda Track, the chance to study overseas and participate in a community project of their choice.

The Hon. Jan Burnswoods: Point of order: Standing orders have something to say about members and their pecuniary interests. The House should seriously take notice when this member, who includes his Kokoda Track companies in his pecuniary interests register and is currently involved in organising University of Western Sydney students to take part in his company's activities, speaks in a negative way in debate on this bill, clearly in the interest of fostering his commercial interests and those of his Kokoda Explorers, or whatever the name of the company is.

The Hon. D. J. Gay: To the point of order: I have been listening to the debate—obviously unlike the Hon. Jan Burnswoods. The only difference between the contribution of the Hon. C. J. S. Lynn and the contribution that the Hon. Jan Burnswoods would make is that the contribution of the Hon. C. J. S. Lynn is positive. He has been talking about people, including her people, doing positive things in the western suburbs. At no stage did he give a rap to his company. It is my understanding that if anything is done with the children, it is done at his own expense. It is not a paying operation. Frankly, the Hon. Jan Burnswoods has a habit of doing this sort of thing. She was proven wrong in the allegation she made about James Darby the other day and she is now trying to take a point of order with no validity at all.

The Hon. Dr B. P. V. Pezzutti: To the point of order: I support my colleague the Deputy Leader of the Opposition. When the Hon. Jan Burnswoods can preach to us about ethics and reliability, that is when we should listen to her. Otherwise we should disregard her call for probity and the like. Her intervention in the Canada Bay election was the most outrageous thing I have ever heard in this Chamber. She did not check her information; she just took it from the ABC, which, of course, is not totally blameless. What the Deputy Leader of the Opposition has said is absolutely accurate. You should not take any advice on issues of probity from the Hon. Jan Burnswoods.

The Hon. C. J. S. LYNN: To the point order: My involvement with Kokoda is well known and is in my pecuniary interests register. I have nothing to hide or be ashamed of in my association with the Kokoda Track, and everything the Kokoda Track stands for. I did not approach the University of Western Sydney; I was approached by Professor David Barr of the University of Western Sydney to develop and lead this particular program. I give of my time—

The Hon. Jan Burnswoods: Further to the point of order: This speech may be interesting to some people but nothing the Hon. C. J. S. Lynn is currently saying is related to the point of order. He is now giving us details about his financial interests.

The PRESIDENT: Order! I remind members that when taking a point of order they should confine their remarks to addressing the relevant standing order, convention or tradition. The standing orders do not provide for a member to debate whether or not another member has told the truth in the past. Members should address their remarks to the matter before the Chair.

The Hon. C. J. S. LYNN: The Hon. Jan Burnswoods does not have a point of order. I am quoting directly from a public statement by Professor David Barr. There is no point of order.

The PRESIDENT: Order! No specific standing order precludes members from speaking about matters in which they have a financial interest. The Hon. C. J. S. Lynn may proceed.

The Hon. C. J. S. LYNN: I should put on the record that I have no financial interest in my association with the University of Western Sydney or with the Kokoda program. It seems that every day is a full moon for the Hon. Jan Burnswoods. The message of Professor Barr to prospective students went on:

> The opportunities created for the students in the national leadership scholarship program are made possible because of the generosity of individuals and companies in this region who believe in the leadership potential of young people from south-west Sydney.

Professor Barr's vision is to have the first Rhodes or Churchill scholars from Sydney's west emerge from this program. For the benefit of those with an interest in the program, thus far the results have exceeded expectations. Two groups of students have completed the Kokoda Adventure Leadership program in Papua New Guinea and most of those have also completed their overseas semester in Canada, the United States, Switzerland and Spain, to name a few of the countries involved. I have been strongly impressed by the calibre of those who have completed the Kokoda phase of the program. The students have to complete a report of their experiences during that phase. To illustrate the calibre of the students and the power of that phase of the program, I seek leave to table three reports from those students.

Leave granted.

Reports tabled.

Unfortunately, Professor David Barr has resigned from the position of deputy vice-chancellor, and the program seems to have lost its impetus. The annual leadership oration, which commenced in 1999 with former Prime Minister Gough Whitlam as the inaugural speaker, did not take place this year under the new regime. That is a pity, because approximately 300 people attended the first event, which was a significant fundraiser as well. Therefore, I see a contradiction in the theory expressed in the papers supporting a unitary structure and the practical lack of interest in a program that should be the flagship of the university.

Another contradiction I have noticed is the theoretical desire for the university to weld with each community and to consult it as part of any decision-making process and the practical decision suddenly and secretly to change the name of the University of Western Sydney [UWS] Macarthur to UWS Campbelltown. On one hand the Auditor-General highlighted the unnecessary duplication and triplication of resources between the three member campuses. Others are decrying the cutback in the level of Commonwealth funding, the vice-chancellor having advised that:

> We will cease to use the term "Member" in normal discourse and recognise the campuses as organisational units that most clearly represent sub-regional community groupings in Greater Western Sydney, determined both by regional geography, but also common interests, local government affiliation and social and cultural characteristics. Campuses would be described geographically and their names and offerings should be logical and reflect their heritage and development. The names of the campuses should be agreed through the consultative process …

That is either theoretical waffle or the change process has failed its first test. In May this year the name of the Macarthur campus was changed to Campbelltown without any thought for the cost of such a name change. By "cost", I mean the cost of goodwill inherent in the development of the Macarthur identity over a period of 10 years and the financial cost of administering such a change; any respect for the historical or geographical significance of the Macarthur name, or consideration for the local government areas of Camden and Wollondilly; any consultation with local business organisations or associations; any consultation with the feeder schools in the Macarthur area; or any consultation with students. How could such a dumb decision come to pass in the midst of high-level studies attempting to position the University of Western Sydney for the future? It seems that the answer lies in the power and pettiness of local politics in Campbelltown. The then Mayor of Campbelltown, Alderman Meg Oates, saw it as an opportunity to obtain some cheap publicity for her own political aspirations and push for the name change. She declared:

> People don't know where Macarthur is but they know Campbelltown.

In a statement of breathtaking arrogance she declared that the name will not be changed back. Meg Oates has since declared that she will be a candidate for the Federal seat of Macarthur. I can only hope that the people of

Macarthur show her as much respect as she has shown them in her ignorance and arrogance. But of more concern is the demonstrable inability of the leadership of the University of Western Sydney to stand up to such small-minded local government bullies. If the proponents for change in the university want to maintain the trust and respect of local communities in their regions they need to be more transparent in their decision making. They could start with the reason behind the sudden name change for the Macarthur campus by answering the following questions.

What was the process of consultation with the wider Macarthur community in canvassing the proposal for the name change? Were councils within the Macarthur area given the opportunity to consider the proposal? If so, what was the result of their deliberations? The University of Western Sydney, Macarthur has received generous support from business organisations and companies outside the Campbelltown city limits. Were they consulted? If so, what was the result of that consultation? Were the feeder schools in the Macarthur region consulted? If so, what was the result of that consultation? What was the forecast administrative cost of the name change? What was the goodwill value of UWS Macarthur? What is the estimated marketing cost of the loss of this goodwill? What methodology was used to survey the students of UWS Macarthur? What form did the questions take? Were students from the Camden and Wollondilly local government areas consulted? What was the result of that consultation?

This unfortunate power play by a local Labor non-entity contradicts the general opinion of the community, which is that campus names should reflect and reinforce regional identities. That was acknowledged in the report on campus names presented to the Board of Trustees meeting on 21 February 2000. According to the same report, despite widely various views on campus names among university staff and students, there is broad consensus that campus names must demonstrate a strong community link, reinforce the connection between a campus and its immediate surrounding community, and reflect the history and heritage of campuses.

The University of Western Sydney, Macarthur has developed as a fledgling campus over the past decade, and is now a well-established and well-respected regional educational institution. It has received generous and proud support from regional business organisations during this critical development phase. The Macarthur region is the birthplace of our nation's economy, the home of one of our most visionary families, and now one of the fastest growing areas in Australia for young families. It is of such significance that a Federal electorate has been named in honour of it. While Campbelltown represents only one-third of the Macarthur regional area, the establishment of the Macarthur Regional Organisation of Councils is testimony to this fact. Campbelltown has reached its capacity as a city whilst the Macarthur region will take many years to reach its potential.

In general, as Associate Professor Anis Chowdhury pointed out, a name change from Macarthur to Campbelltown excluded people in other parts of the Macarthur region. Therefore, it would effectively cut out Camden and Wollondilly and fragment the regional identity that had grown up around the university, thus undermining the achievements of UWS Macarthur and its predecessor, the Macarthur Institute of Higher Education. A regional approach is important to the community, which has been an important part of university growth through its generous support. My other major concern regarding the change process is the apparent lack of consultation. Once again the walk appears to differ from the talk.

In the papers I have researched there is strong emphasis on the need to consult with all stakeholders at every stage of the process. This does not seem to be happening at Campbelltown, if my reading of the local newspapers is correct. Reports indicate that there are serious differences between the unions representing the staff and the leadership of the university. There are claims that the change process has resulted in a policy paralysis over the past 12 months, that morale amongst staff is at rock bottom and that there has not been any consultation. These are serious concerns because they again indicate a serious contradiction between the theory and the practical aspects of managing the change process.

I acknowledge the contribution of the Hon. Dr A. Chesterfield-Evans earlier in the debate, during which he advised the House on a report he had received from elected staff representatives addressed to the Board of Trustees entitled "Will the last staff member to resign from UWS please turn out the lights?" The report contains tables which record the astronomical increase in staff resignations since 1997. That is a serious issue which indicates that there is a chronic problem with staff morale. The impact of poor staff morale cannot be quarantined. If it is as serious as the rate of resignation indicates, no doubt it will have a negative impact on student morale as well.

Indeed, this contention is supported by an examination of the University of Western Sydney's "Public Forum" page, its web site, particularly articles headed "UWS Amalgamation—Bad for Students, Worse for Western Sydney", "Report back from elected staff reps", posted by Mr Steve Keen, and "Feedback sought from

Units across the University for the Senior Staff Conference" on "The Shape of the Future" report. I seek leave to table those three articles.

Leave not granted.

As leave is not granted, I commend members to read the reports on the university's web site. As I said earlier, if the staff have a negative attitude towards the change, any attempts at meaningful and productive reorganisation will be for nought. A final concern I have for students under a new structure with centralised functions is the need for students to travel between campuses. Travelling cross-grain against the normal east-west traffic flow is a nightmare in Sydney's west. Public transport is not up to the task, and the Northern Road is not much better than a goat track. The cost of any increased travel requirements may well defeat the purpose of having an accessible university in western Sydney. Notwithstanding these concerns, I accept that there are merits under the proposed new unitary structure, in which the university would be able to combine the strength of the three respective campuses.

As a long-time resident of western Sydney I am well aware of the importance of the university to the region and the opportunities it presents to local communities, where the percentage of people with tertiary education qualifications is much lower than in most North Shore areas. I refer members to the comparative studies in Mark D'Arney's research paper on "NSW State Electoral Districts Ranked by Census Characteristics 1999". I am both proud of and impressed by the spirit and character of the people, the genuine feelings of friendship and affection they have for one another, the tremendous respect they have for their families and communities, and the personal contribution many have made to the university in support of their quest to have a high-quality tertiary education and research institution such as the University of Western Sydney.

It must be recognised that community involvement in the University of Western Sydney will be in direct proportion to the extent of the benefits it receives from the university. Unless the university is responsive to local communities and lives up to its expectations, it will be very difficult, if not impossible, for the new University of Western Sydney to become "a creation of the people in the UWS community working in partnership with the university and the board of trustees", as Vice-Chancellor Professor Janice Reid said in her presentation to the Board of Studies on 7 June 2000.

I understand the complexity of the multiple, intersecting and transitional arrangements during the change process. I am certainly aware of the need for a proper consultation process in relation to the change. However, the process must be transparent and inclusive for people to understand the magnitude of the change and its implication upon the community in order to ensure a fair and equitable outcome. The insights, issues and ideas that will give substance to the change process and the desired outcome can be gleaned only through such a thorough consultation process with the communities.

I believe that a number of factors must be taken into consideration in the restructuring process. Each university campus has its own catchment, with uneven levels of social and economic development. The way in which each campus is structured and the courses are designed reflects and caters for the needs of particular communities. Because of this, there is a high level of commitment among the general communities, as well as the university authorities, to work together to meet the university communities' expectations.

With this in mind, I am not fully persuaded that each university campus should surrender its autonomy completely. On the contrary, I believe that each campus, if it does not ask for more, should retain a certain degree of flexibility in making decisions in relation to its operation. This does not prevent the university, under the unitary structure, from having the co-ordinating function in major matters, such as providing common courses for all students from each campus. However, each campus can specialise in the development of subjects best suited to the local needs.

The direction contained in the guidelines is embraced by the local communities. Thus the challenge is how we can adhere to the original intention of the University of Western Sydney Act in the changing environment. The University of Western Sydney plays a very important role in vocational education and training, which cannot be adequately replaced by other colleges and campuses. The university has presented huge opportunities for people in western Sydney to have better access to higher education. Those people, especially the young people in western Sydney, do not have many opportunities for education. For many, the University of Western Sydney is almost their only opportunity.

The university has provided tertiary education that has particular regard to the needs and aspirations of residents of greater western Sydney. I appreciate the Government's efforts to ensure that the University of Western Sydney provides services in a co-ordinated and cost-effective way. I also acknowledge the Government's commitment in the past to ensure the university's role in the provision of excellent higher

education, research and associated community services in greater western Sydney. I hope that the proposed changes will be carefully considered and balanced to reflect the best interests of the people of greater western Sydney, and that they will be equally applauded by the communities in western Sydney.

However, I warn that there is a huge gap between the theory of leadership and the practical application of leadership. The University of Western Sydney will only ever be as good as the people it employs and the people it teaches. I therefore call on those leading the change to ensure that they address the concerns I have raised and to pay proper respect to the aspirations of the staff, the students and the local communities that make up the great community of western Sydney.

The Hon. I. M. MACDONALD (Parliamentary Secretary) [12.07 p.m.], in reply: I thank all honourable members for their contributions to the debate. At the outset I place on record my appreciation of the work of Sir Ian Turbott as foundation Chancellor of the University of Western Sydney. I have known Sir Ian for almost 20 years and met him regularly. In fact, in 1985 I toured Europe with Sir Ian and his late wife on a trade mission, which was very successful, and I got to know him very well during that tour. Sir Ian was the leader of the delegation and I was its deputy leader. Also, when problems arose in relation to splitting the university campuses, Sir Ian came to see me and we had several long conversations and meetings about that matter. Thankfully, I think things have worked out much better than they were at that time. I wish Sir Ian very well for the future. I am sure that his very productive mind will be put to good use in whatever endeavour he chooses to pursue.

I am particularly pleased that the Opposition will join the Government in supporting this legislation. Although both the Greens and the Democrats have indicated they had some concerns, I am pleased they will support the legislation as a sensible and necessary step. The legislation is vitally important for the ongoing viability and growth of the university. The amendments that the bill makes are part of the ongoing evolution of the University of Western Sydney.

I pay special tribute to the Vice-Chancellors of the University of Western Sydney, especially Professor Deryck Schreuder, who is now in Western Australia, and the current Vice-Chancellor, Professor Janice Reid. Both have held the university together and helped move it forward, and they deserve the praise of this House.

I take this opportunity to respond briefly to the concerns raised by the Hon. Dr A. Chesterfield-Evans. The university assures the Government that where possible displaced staff will be redeployed. If they accept a position of a lower grading they will retain their existing salary for 12 months. Positions will not be advertised externally unless the requisite skills are not available among existing staff. The vice-chancellor is on the public record as stating that the university is opposed to forced redundancies, and it hopes that none will be required. The process of natural attrition has ensured that the university will not be forced to retrench staff as a result of the restructure. The university advises that the resignation rates referred to by the Hon. Dr A. Chesterfield-Evans are inaccurate.

The figures cited for 1997-99 are drawn from three incomplete and inaccurate databases. The university believes that these figures do not accurately reflect staff movements over the period in question. The incompleteness of three separate staffing databases is a good example of the need for the move to a unitary structure. The university has provided me with a copy of the official figures, which may be of interest to the Hon. Dr A. Chesterfield-Evans. I seek leave to have incorporated in *Hansard* a small table outlining separations from the university over the past three years.

Leave granted.

Table 2 Separations from UWS—1997 to 2000-12-05

	1997	1998	1999	2000	2000 * (including casuals)
Total Staff	2303	2292	2304	2145	2744
Number of Separations	189	222	224	268	268
Percentage Separations	8.2	10.0	9.7	12.4	9.8

* Total staff includes casual staff filling ongoing positions pending the outcomes of the restructure. (For information the reported number of casuals in 1999 was 478 in comparison to 5999 in 2000)

The Hon. I. M. MACDONALD: I can assure the House that the recent industrial action at the university is directly related to the negotiation of a new enterprise agreement and not as a result of the restructure process. I believe that the unions representing staff at the university are essentially comfortable with the changes, although I acknowledge their important role in voicing the concerns of their members. The University of Western Sydney has worked very closely with staff, students and the community to reach the point we are at this afternoon. The university will continue to work with its communities in the future as the new structure is implemented. The Government, and I believe the Opposition, firmly believes that these changes are necessary and important. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

NATIONAL PARK ESTATE (SOUTHERN REGION RESERVATIONS) BILL

Second Reading

The Hon. I. M. MACDONALD (Parliamentary Secretary) [12.13 p.m.]: I move:

That this bill be now read a second time.

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

Leave granted.

I am extremely proud to introduce this bill, which is a major milestone in an historic process of forest reform for the east coast regions pledged by this Government more than five years ago. With this legislation there will be a continuous reserve system extending 350 kilometres from Macquarie Pass, north of Nowra, to the Victorian border. It brings the total area of new parks and reserves created by this Government on the east coast alone since 1995 to 1.4 million hectares—an unprecedented conservation achievement. Alongside these conservation achievements have been achievements for the timber industry and regional economies which are no less significant. My Government is delivering security and certainty to the timber communities of the southern region, with 20-year wood supply agreements in line with those made with industry in the other forest regions on the east coast.

The main objectives of our forest policy, in line with national objectives, have been the establishment of a world-class reserve system, ecologically sustainable forest management practices, a viable and value-added timber industry, and community involvement in decision-making. Our success in delivering on this policy is a great achievement for the people, not only of New South Wales but for those beyond our borders. The legacy of this Government's decisions on our forests will be welcomed by future generations. Let me briefly outline the history of this Government's forest policy for the east coast, of which this significant legislation is a major step in its fulfilment. As honourable members are well aware, when this Government took office in 1995 the forest debate had raged for two decades without resolution.

Our Government understood that a different approach was therefore required, one which would have credibility and durability because of the involvement of all parties. That is why we took the historic step of bringing together the major forest stakeholders—industry, conservationists, the union, scientists, the regional community and many others—to participate in the development of reforms. In an Australian first in the forest debate, the Government got the stakeholders—many of them longstanding adversaries—together in search of workable outcomes in our forests. Those stakeholders understood the critical need for a new approach if lasting solutions were to be found. Conservation and timber workers had endured too many battles in the forests. In the past, government decisions on reservations had too often been made under political pressure and without the benefit of detailed and comprehensive analysis of not only ecosystems and biodiversity but also the consequences for communities and the economy.

Moreover, job losses had been occurring in the industry for decades. It was clear that restructure of the industry was essential to arrest the decline and to bring certainty back into the process. It was this recognition of the failures of the past which led government and non-government stakeholders alike to seek a new way forward. But merely bringing the parties together with a commitment to a solution would not have had any positive results without some impartial means of reaching that solution. Science was the agreed arbiter, as it were, between polarised positions. The stakeholders agreed to comprehensive scientific, economic and social assessment so that decisions could be made on a rational and fair basis rather than on self-interest or ideology. In 1995 the Government established the Resource and Conservation Assessment Council [RACAC] to run the forest assessment process in New South Wales, the process to determine which forests would be set aside in a reserve system and which would be made available for sustainable use.

The council includes representatives from government and also non-government stakeholders—the timber industry represented by the Forest Products Association, the Construction, Forestry, Mining and Energy Union, the conservation movement, mining interests, the Aboriginal community and the scientific community. Building on this inclusive approach, RACAC developed an open and transparent process in which stakeholders were represented at every stage of policy development and implementation. They participated in initial project planning, data analysis and decision-making. Stakeholders on regional forest forums also contributed by providing feedback on regional issues. This meant that, in addition to the usual community consultation mechanisms established by governments—in which the community has the chance to comment on proposals in draft form—

stakeholders actually participated in the development of those proposals, with raw data being made available and training in GIS being given so that they could use the data in a meaningful way.

Five years down the track, and with the accumulation and analysis of unprecedented levels of scientific and other data, this process has resulted in the conservation of 1.4 million hectares of New South Wales eastern forests. It has also resulted in a legislative process for ensuring ecologically sustainable forest management through forest agreements and forestry approvals. And it has resulted in 20-year security for the timber industry. Our aim has been to create a reserve system which is comprehensive, adequate and representative, protecting and conserving the biodiversity of the State's forests through scientific and systematic, rather than piecemeal reservation, while at the same time creating viable and ecologically sustainable forest industries. It was an ambitious but an absolutely necessary undertaking which, with this outcome on the southern region, is now completed for the major east coast areas where forestry is undertaken.

One portion of the southern region remains to be completed, and work has now commenced on our western forests. This outcome builds on the precedents established in the forest regions of Eden and the upper and lower north-east where balance and compromise have determined the decisions. In these regions, these outcomes have been steadily in place for almost two years—and we expect them to stand the test of a much longer period of time. In the southern region we have delivered to the timber industry 20-year supply agreements with no job losses. In fact, there will be a modest net increase to employment in the southern region with a minimum of 42,000 cubic metres per annum of even flow high-quality large [HQL] logs in the South Coast subregion and 48,000 cubic metres per annum of even flow HQL logs in the Tumut subregion.

Moreover, if the Commonwealth Government agrees to sign a regional forest agreement with New South Wales, we undertake to spend up to $6.5 million to increase the annual harvest in the South Coast subregion to 46,000 cubic metres per annum and to share the cost with the Commonwealth of the increase from 46,000 to a total of 48,500 cubic metres. This will be done by way of land acquisition, plantations and silvicultural treatment. Harvesting on these additional lands will be carried out sustainably in accordance with the forest agreement and integrated forestry operations approval for the region. These additional measures will further increase job opportunities and associated benefits to local businesses and industries in the southern region.

In addition, there will be the same ongoing support to timber workers and industry which we provided in other forest regions. This will be delivered through the provisions of the forest industry structural adjustment package which offers support, training and incentives to forest industry businesses and workers. This outcome for industry has been achieved while protecting 385,000 hectares of the region's forests; 325,000 hectares will be in national parks and reserves, creating a continuous corridor of 350 kilometres from Nowra to the Victorian border with a system of links from the coast to the escarpment. These additions bring the total area of reserves in the southern region, which includes Kosciuszko National Park, to over 1.3 million hectares.

A further 60,000 hectares is protected in informal reserves and by prescription on State forests. Key areas of conservation concern in the escarpment forests are reserved, including the new Mongarlowe National Park and extensions to Deua National Park. Coastal forests are reserved through a major extension to Murramarang National Park, through the creation of Meroo National Park, which protects much of the catchments of five coastal lakes, and through the extension of Conjola National Park to link with Morton National Park. Also established are a large number of reserves in the tablelands and south-west slopes which protect important remnant forest areas. The most significant is the 23,000 hectare Woomargama National Park east of Holbrook. Moreover, these additions to the reserve system include the majority of provisionally identified wilderness. I am proud that I can set before you this bill, which builds on and completes such a major undertaking of forest reform in our east coast forests.

Central to that reform has been the Forestry and National Park Estate Act 1998, many provisions of which are replicated in this bill. The Forestry and National Parks Estate Act was a major piece of legislative reform which brought in a new era in forest management by establishing New South Wales forest agreements and integrated forestry operations approvals. The Act removed the plethora of regulations and approvals governing such operations and replaced them with a new co-ordinated approach. These reforms delivered to the timber industry certainty and security in relation to harvesting operations in State forests. Forest agreements and integrated forestry operation approvals are now operative in the Eden and northern forest regions and will be developed for the southern region to bring the same certainty and security to conservationists, workers and business.

That this Government has been able to achieve such far-reaching reforms and to deliver a balanced outcome to the whole community is due in no small measure to the efforts since 1995 of the Resource and Conservation Division of the Department of Urban Affairs and Planning, the executive director of which is Rex Bowen. Rex Bowen, who has managed our forest assessment process through five years of difficult negotiation, is retiring at the end of this year. It is with gratitude and regret that I see him leave. Rex should be proud that his work, perseverance and integrity have ended the fights in the forests and have given the people of New South Wales forest agreements—forest agreements that are upheld by all interested parties, are seen as fair and practical and are leading the world in natural resource management of forests. However, following Rex's departure, his division, through initiatives which he has established, will bring its expertise to bear on some of the vexed issues confronting natural resource management and land use in western New South Wales.

Turning to the details of the bill, part 1 is the preliminary section which, among other things, provides for the commencement of the proposed Act on 1 January 2001. Part 2 revokes certain lands as State forests and makes provision for those revoked lands to be reserved or dedicated as national park, nature reserve or State recreation area. It also reserves or dedicates certain Crown lands as national park, nature reserve or State recreation area. This part also sets apart certain lands in State forests as flora reserves under the Forestry Act 1916. Clause 8 dedicates certain land in revoked State forests, Crown land and certain other land as a single Crown reserve under the Crown Lands Act 1989, makes the National Parks and Wildlife Reserve Trust trustee of the land and appoints the Director-General of National Parks and Wildlife as the manager of the Reserve Trust.

Clause 9 vests certain land in revoked State forests in the Minister administering the National Parks and Wildlife Act 1974 for the purposes of part 11 of that Act, subject to existing leases. The land concerned is set out in schedule 5 and comprises a number of existing quarries. Clause 10 enables the Director-General of National Parks and Wildlife to alter boundaries of the transferred land by adjusting the land descriptions contained in the bill. These adjustments must be for the purposes of the effective management of National Parks Estate land and State Forest land. Under this clause the director-general may also vary the descriptions of land to adjust the boundaries adjoining a public road. Amongst other things, this will enable adjustments to be

made to ensure that legal roads, generally shown on plans of subdivision, coincide with actual roads as constructed and allow an appropriate setback in the carriageway of the road. Any adjustments made under clause 10 must not significantly reduce the size or value of National Park Estate land or State Forest land.

Part 3 of the bill covers a number of miscellaneous matters. I draw attention to clause 15 which adds Gulaga National Park to schedule 14 of the National Parks and Wildlife Act 1974 in recognition of the cultural significance of this land to Aboriginal people. Clause 15 also amends the Native Title (New South Wales) Act 1994 to preserve native title rights and interests in respect of land or waters reserved, dedicated or vested by the operation of the proposed Act. I also draw attention to a number of issues in the southern region related to land use and tenure issues in the Shoalhaven area. Earlier this year the Government undertook an extensive process of exhibition and community consultation, which included consultation with local government. During that process Shoalhaven City Council brought to our attention its concerns about certain proposed changes in tenure on development proposals in that area.

Council and government agencies have negotiated and have now considered these issues. I am pleased to inform the House of a number of positive outcomes for the Shoalhaven area. Two shooting ranges formerly on State forest are to be transferred under the provisions of the Forestry Act and Crown Lands Act to become Crown land. Also, State forest land will now become Crown land so that a go-kart track for which the council has been seeking an appropriate site can be developed. This bill also provides for the acquisition and revocation of up to six hectares in Conjola National Park and up to six hectares in the new Kangaroo Valley Nature Reserve to allow for Shoalhaven City Council to construct sewage treatment plants.

A number of other issues relating to easements, access and maintenance rights, and obligations in respect of sewer and water pipelines in local government areas will be formalised by the National Parks and Wildlife Service under the provisions of the National Parks and Wildlife Act 1974 as well as this bill. Specifically, the Minister for the Environment proposes to issue an easement under the National Parks and Wildlife Act for the southern Shoalhaven water augmentation pipeline. The National Parks and Wildlife Service is also consulting with private land-holders potentially affected by changes of tenure on public land adjoining their properties on issues including access. These changes of tenure are being managed in consultation with affected land-holders leading to a range of possible solutions, such as continuation of Crown land licenses for a limited period, assistance with fencing, boundary adjustment to allow for issues such as property access and emergency roads, and access to water.

The assessment process in the east coast forests of this State have been conducted with the full participation of stakeholders and the community at every level. It has been a most open and transparent exercise. The precedent we have established for stakeholder inclusion in government decision-making is just one of the lasting positive outcomes of five years of forest assessment of the east coast forests. This level of involvement will be continued in the forthcoming assessment of the western forests. I commend the bill to the House.

The Hon. D. T. HARWIN [12.13 p.m.]: The National Park Estate (Southern Region Reservations) Bill is the culmination of the regional forest agreement [RFA] process for southern New South Wales. The area involved stretches from the Shoalhaven, where I live and which is encompassed within the South Coast subregion, west and south to include the Tumut subregion. The RFA process has been controversial and has had to balance economic and conservation imperatives. But the end point, in theory, is comprehensive nature conservation in reserves or national parks with long-term security for the timber industry through 20-year agreements. This bill is the Government's basis for a regional forest agreement for the southern region. As a result of the bill about 325,000 hectares of State forest and other Crown lands in the southern region of the State will be added to reserves and the national park estate.

Unlike the situation with other regional forestry agreements concluded in New South Wales, there are clear indications that the Federal Government is prepared to sign off on the southern regional forestry agreement. While some might say that it would have been better to wait for formal sign off, the Opposition will take the Government's word that after we have legislated for conservation outcomes it will act on the industry component of the regional forestry agreement. Resource security is very important for the timber industry and the outcome for it in this bill is regarded as satisfactory, although, as honourable members in another place have pointed out, there will be job losses in the timber industry and mills will shut down. One of the few remaining mills in the Shoalhaven may well shut as part of the adjustments that will flow. Towns such as Bombala that have been devastated over recent years with job losses and mill closures have received no news that will give them encouragement for the future. When I visited Bombala in August it was explained to me that the town's future will be difficult. The drought fears faced then have been spectacularly alleviated, which has been welcomed in Bombala but the rain in other areas has been devastating.

The southern regional forestry agreement delivers 42,000 cubic metres per annum of even flow high-quality logs in the South Coast subregion and 48,000 cubic metres per annum in the Tumut subregion. When the Commonwealth Government executes the RFA the New South Wales Government undertakes to spend $6.5 million to increase the annual harvest in the South Coast subregion to 46,000 cubic metres per annum and to share the cost with the Commonwealth Government of increasing that total to 46,500 cubic metres.

I am pleased that the effective representations of the Mayor of the Shoalhaven, Councillor Greg Watson, have ensured that a number of land use and tenure issues in the Shoalhaven area have been addressed in the bill. Two shooting ranges formerly on State Forests land will be transferred to Crown land. State Forests

land will be transferred to Crown land to allow a go-kart facility to go ahead at west Ulladulla. An easement will be granted through national park for the southern Shoalhaven water augmentation pipeline. Other national park revocations will allow the construction of sewage treatment plants in the Shoalhaven. We are lucky to have an effective mayor and a good council.

The principal concern the Opposition has with the bill involves access issues. While the process undertaken by the Resource and Conservation Assessment Council [RACAC] has provided the timber industry and the nature conservation movement with a forum to advance their concerns, the RACAC process has not adequately addressed the needs of those who own neighbouring land, people who have Crown leases in State forests and people who hold occupational permits in State forests, which are for the most part grazing leases. It is very easy for honourable members to forget that bills such as the one we are considering now will adversely affect many families in southern New South Wales, with the associated loss of livelihood through loss of grazing capacity. At least 30 occupational permit holders are in this category. It is all very well to say that there is 18 months during which graziers will be able to leave their land, but it needs to be recognised that many will be left with non-viable freehold properties and will be lost to farming altogether.

Honourable members should sit down and read the remarks of the honourable member for Monaro on this bill. He is a very good member and his detailed description of the circumstances of his constituents shows that he understands their concerns and is representing them effectively in this Parliament. It is very clear that the Government has not considered the social and economic impact of these resumptions. I have also received a letter from Mr John Snell of Braidwood. He makes the point that maps showing details of the resumptions are not yet available to the public, so those affected by the resumptions have essentially been presented with a fait accompli.

It is a case of, "We will resume now and you can ask questions later." The Opposition wants a commitment from the Government that the concerns of Mr Snell, his organisation Access for All, and all affected permit holders will be addressed compassionately and justly. With these concerns placed on the record on behalf of the Opposition, I note how glad I am that we have been able to secure a very good conservation outcome with the support of the timber industry and State and Commonwealth governments.

I pay tribute to Federal Liberal members Joanna Gash, the member for Gilmore, and Gary Nairn, the member for Eden-Monaro, for helping secure this outcome. I am very familiar with a number of the areas that will be added to the national park estate. In particular, I welcome the Durras Lake extension to Murramarang National Park. I am very familiar with the Durras area, having visited it dozens of times over a 20-year period. Durras Lake, upon which I have canoed, in which I have swum and around which I have bush walked, is the only coastal lake in New South Wales in essentially the same condition as it was before European settlement. It will provide a safe haven for 207 species of birds and a wonderful array of mammals and other forest and marine wildlife.

Quite near where I live, the Jervis Bay National Park will be extended in the Parma area. The extended Conjola National Park to the south will protect spectacular pockets of warm, temperate forests and will enable Cudmirrah and Morton national parks to be joined. Indeed, we will now have a 350 kilometre corridor of protected area in national parks stretching from the Macquarie Pass to the Victorian border. It is fantastic to have achieved this in the context of such broad support in the regional forestry agreement process. While the Opposition places on record a number of important concerns, which we hope will be speedily dealt with by the Government, it will not oppose the bill.

The Hon. I. COHEN [12.21 p.m.]: On behalf of the Greens I congratulate the Government on the bill, which contains a package of new forest conservation reserves for New South Wales totalling nearly 324,000 hectares. Although the Greens are very pleased with the package, they are less than enthusiastic about other issues involved in the process. However, this is a significant step forward and the additions to the national park estate are very much welcomed by the conservation movement and the Greens as a political entity. The reserves will add immeasurably to the environmental protection of wildlife, plants, water catchment, natural heritage and landscape beauty in the South Coast and Tumut regions.

The Premier obviously convinced a generally conservative Cabinet to support this difficult decision, which was made in April. Cabinet has consistently shown in this term of office that it has not been serious about the conservation and protection of the natural environment. The Greens hope that this bill signals a change in attitude on forest policy generally. The New South Wales logging industry broke cover and savagely attacked Premier Bob Carr and the Minister for the Environment, Bob Debus, over the April decision on new national

parks and guaranteed timber resources for the southern forests region. The decision delivered some 220,000 hectares of new national parks on the South Coast and about 100,000 hectares in the Tumut area.

The logging industry claimed that this decision was less favourable to it than previous forest decisions for the Eden and north-eastern regions. I am well and truly on record about legitimate concerns that the conservation movement and I have had with many areas. During the past 18 months the Government has moved decisively towards a brown approach, away from its original contention. When I first ran for office, in 1995, the Government promoted itself clearly and strongly as a green Government. Nevertheless, I hope the Government will continue to recognise the vast community support for conservation. That support is well imbued from the late 1970s, at which time there were protests about the destruction of rain forests. Now there is an acceptance of the scientific and conservation knowledge of the necessity to maintain forests. I hope that the Government will continue down that path as it has successfully done in the past.

The Executive Director of the Forest Products Association, Col Dorber, alleged to the media that Bob Carr had put his entire forest policy at risk in order to do a favour for a political mate, Bob Debus, and that the decision was a sell-out to green interests. There should be many more such "sellouts", although I do not like that term. However they were developed and prudent policy positions were made that work towards a resolution of the forest issue. I am confident that those positions will direct the Government's attention toward green solutions that are supported by 80 per cent of Australians who oppose intensive lobbying and woodchipping of our native forests and 95 per cent of Australians who want all our wilderness areas completely protected for the good of the planet and for future generations.

It is quite clear that something occurred to confound the industry's expectations and to counter enormous pressure from New South Wales bureaucrats, various political advisers and the Commonwealth Government to deliver the loggers' and woodchippers' agenda. Nearly 20 conservation groups have been part of the South East Forest Alliance [SEFA], which, during the past three years, has developed its own community reserve proposals for the southern forests, particularly for the South Coast. The Premier's personal intervention seems to have been necessary to rescue some of the most important wilderness, old-growth forests and sensitive coastal forests contained in those proposals.

The tension between industry and conservation has risen greatly since November 1999 when so-called negotiations, based on the completed environmental, social and economic assessments for the southern forests, were undertaken between State government agencies. The logging industry and conservationists were also involved in those negotiations. The heart of the controversy was the South Coast forests from Nowra to Narooma, including areas of the Great Dividing Range. The other forests involved in negotiations were around Tumut, including commercial alpine ash areas on the northern and western boundaries of the Kosciuszko National Park, but they were expected to be less controversial as more timber resources were available.

The industry initially sought an unbelievable annual allocation of 75,000 cubic metres of quota sawlogs from the South Coast forests. It also announced its intention to intensify logging in the southern forests to the same extent as the notorious Eden on woodchip operations, including proposals to log for so-called biomass fuel to feed electricity plants. SEFA proposals called for the reservation of some 250,000 hectares, including 15 major community reserve proposals, and provided for the protection of all old-growth and wilderness forests. They also called for an end to woodchipping and intensive lobbying in the region and special protection from logging for the Clyde River catchment.

Col Dorber of the Forest Products Association has issued many media releases about the forest industry. Whilst we are addressing the waste that has occurred in the woodchipping industry, it is of great concern that biomass electricity generation plants are consistently put forward in a battering ram of suggestions for anti-environmental, anti-greenhouse gas production concepts. They just will not work unless we cut into some of the most important remaining forest reserves. It will not work, they will not be able to do it. The whole concept is questionable. Rather than looking at stand-alone systems and alternative means, Col Dorber and his cohorts pressured the Government to establish biomass fuel electricity plants. That is an absurdity and an obscenity that should not be supported by any government that considers itself as relevant to the twenty-first century.

It appears that the Forest Products Association, the forest industry and certain people in State Forests are keen to find another reason for the old-style destructive methods of forestry production. As far as the green movement is concerned, that is totally unacceptable. It does not work on any reasonable, advance-thinking, scientific level as a way to deal with problems. We have to look at the point source, not only for more efficient

and effective electricity generation but also for more efficient, effective and value added forest products. We should recognise that forest products are a very special, precious resource—we have to do this properly! The lowest common denominator, be it woodchips or biomass fuel for electricity plants, is a serious, retrograde step. I hope that the Government ignores Mr Dorber and his ongoing, absurd and obscene proposals.

On the one hand the SEFA proposals for the South Coast permitted an annual supply of 32,000 cubic metres of quota sawlogs, compared with the then current interim supply of approximately 41,500 cubic meters. SEFA also provided independent expert advice to the Government that the quota sawlogs specifications in New South Wales were unrealistic and out of line with all other States. A realistic specification would greatly increase the available supply of quota sawlogs and free up decision making on new national parks.

While the industry progressively reduced its demand from 75,000 cubic metres to 55,000 cubic metres per annum by April this year, it clearly had been led to expect a decision close to its final demand. As it happened, the industry was enraged by the Premier's announcement that some 200,000 hectares of State forests on the South Coast would be protected as new national parks and that the quota sawlogs allocation was to be capped at 42,000 cubic metres per annum. The announcement also protected approximately 20,000 hectares of non-timber Crown land as new reserves in the South Coast area. On the other hand, the industry was given a very large increase in long-term supply commitments in the Tumut area, where the annual quota for the next 20 years was set at 48,000 cubic metres.

The new parks in the Tumut region total approximately 100,000 hectares and largely comprise non-commercial State forest areas and Crown lands on the western slopes. The Premier's intervention and the commitment of the Minister for the Environment, Mr Bob Debus, have delivered a relatively better conservation decision than the earlier northeast or Eden decisions. Nature conservation and future generations will benefit from the creation of a string of marvellous new or expanded coastal parks, among them Conjola, Five Lakes and Murramarang between Nowra and Batemans Bay. These parks will protect a number of superb coastal lakes including Swan Lake, Lake Conjola, Termeil Lake, and Lake Durras. On that point, I think it is appropriate to mention at this point, particularly in relation to Lake Durras, Lake Meroo and Swan Lake, my understanding that those lakes are surrounded by national parks but that New South Wales Fisheries has refused to give them up as part of the national parks.

I think it is important for those lake areas to be included in national parks. That is something that could be achieved within the next three months with allowance being made for minor additions. It is something that needs to be worked out between New South Wales Fisheries and the National Parks and Wildlife Service [NPWS]. I ask the Minister in his reply to comment and, ideally, to make some commitment to these lake areas that are now within national parks because inclusion of those areas in a national park will not mean the loss of a fishing resource. It will actually protect and increase the fish resource because those lakes variously open to the sea and release fish to the ocean. The maintenance of a viable national park fishing resource for those lakes would be another significant step in the right direction. I hope the Minister will address this issue in his reply.

On the Great Dividing Range, the major reserve gap between the Budawangs and the Deua-Wadbilliga National Park has been filled by the new Monga-Buckenbowra reserve. The reserve's wilderness and old-growth forest with ancient pinkwoods in the mist valley of the Upper Mongarlowe River complete a reserve link from the Victorian border to Macquarie Pass near Wollongong. There are many other outstanding new parks. As the Government has not been generous enough to acknowledge them, I want to record for the future the unselfish—indeed, self-sacrificing—efforts of a number of conservation leaders who have worked for a long time to protect these wonderful areas as new national parks: Peter Hudson of the Bendalong and Districts Environment Protection Association; Geoff Bartram and John Perkins of the Friends of Durras; Jenny Edwards and Martin Phillips of Coastwatchers, and Jeff Angel and the late Milo Dunphy of the Total Environment Centre.

I acknowledge in similar vein the tremendous efforts of Andrew Wong of the Wilderness Society; Tom McLoughlin of Friends of the Earth; Terry Barrat of the Jervis Bay Regional alliance; Keith Muir of the Colong Foundation for Wilderness; Simon Clark and Mark Blecher of the South East Forests Conservation Council; Judy Walker and Rob Roberts of the Dignams Creek Catchment Committee; Peter Evans and David Andersen of the Peak Alone-Wandella Catchment Association; Alison Sexton-Green of the Friends of Mongarlowe River; Graham Daly of the Canopy Committee; Bruce Dover of the Australian Conservation Foundation's Forest Campaign Group; and Noel Plumb, Convener of the South East Forest Alliance.

There are, of course, many, many others who have been part of the long struggles—sometimes over a period of 40 years—to conserve these wonderful areas. Those I have named are simply the more recent leaders

in this great enterprise. I apologise to any whose names have not been mentioned but it is important to recognise that many, many people have worked for a long period without significant financial support or support of any kind from any major corporation or organisation. Those people are involved, not for the profit, but to represent the ideals of many others in the community and to maintain these wonderful forests that are No. 1 in the world, original, superb and possessing intrinsic value for their own sake. They also have absolute value as a tourism resource which can be utilised in perpetuity to maintain jobs, incomes and success for South Coast communities. These areas also bring a measure of wealth in recognition of the Australian environment. That recognition can only increase as time goes by.

In spite of the passage of this bill, the long campaign to ensure the full protection of the southern forests will continue. In recent weeks the Walk Against Woodchips occurred in the southern forests to raise community awareness about the continuing impact of woodchipping. The main point that I want to make is that, although this decision has protected many of the core areas sought by the conservation movement, it has fallen well short of the necessary reserve proposals, and has omitted some altogether. Tragically, it has failed to protect all of the wilderness forests. Although only referable to approximately 10 per cent of the total decision, the NPWS-identified areas which remain unprotected in the Badja, Deua and Wandella State forests cannot be recovered after they fall to the loggers and woodchippers. These are precious and pristine areas that are wonderful Australian forest examples. They should be maintained. Unfortunately, the debate over their continued existence will not subside.

The identified Goobarragandra wilderness at the northern end of Kosciuszko National Park, which was formerly the Buccleuch State forest, has been left largely to industry because of a very small quota of alpine ash in a region which has a larger supply of timber than is currently used by the industry. This area, along with alpine ash stands at Maragle on the western edge of the park, was excised from the park in 1967 and should have been returned to the park as part of that decision. Conservationists will be looking to the Government to address this omission in the Government's imminent wilderness protection process for the southern forests.

The decisions underlying the bill have also omitted or have greatly reduced a number of key east-west links between the escarpment and the coast. These include the narrowing of the Conjola link and removal of its catchment integrity, which has severely weakened the best east-west link in 1,300 kilometres of coastline. Peter Hudson, who is President of the Bendalong and Districts Environmental Association, as I mentioned earlier, has stated in a letter addressed to me:

> The Conjola extension (referred to as the Cudmirrah extension in the Bill) has become increasingly damaged in its design as various Government Agencies have their say in the area.
>
> The proposed park fails to include Swan Lake and the Cudmirrah Sand Dunes, two of the unique subsystems within the overall Park. Further, Crown land adjacent to Bendalong and North Bendalong has been claimed by DLWC and Shoalhaven Council as being necessary for massive urban expansion. These areas are within the coastal fringe and are vital catchments for coastal lagoons and creeks which flow directly into Wreck Bay.
>
> There must be a means for further negotiations within the current process with respect to Crown lands and other reserve design omissions as there appears to be no other process available in the future to achieve these changes. Although the Bill is generally given our strong support we believe that the matters outlined above require attention by the Government to ensure that Reserve design is truly effective, representative and embraces all subsystems for protection.

Also, Mr Peter Hudson, as President of Bendalong and Districts Environmental Association, wrote a letter to the Minister for the Environment in which he states:

> The BDEA has recently learned that considerable areas of Crown land adjacent to the small villages of Bendalong and North Bendalong are to be excluded from the Conjola reserve proposal. This is indeed disastrous news as these areas were identified by the BDEA for inclusion in its submission to Government in June 1998 and again under the RFA in February 2000. The areas involved have:
>
> - catchment values—Washerwoman's Creek and Monument Lagoon
> - coastal sensitivity
> - recognised flora and fauna values (areas referenced by NPWS for the past 10 years)
> - Aboriginal heritage-listed artefact sites
>
> It would appear that DLWC and Shoalhaven Council believe it necessary to have some 65ha (approximately) available for potential future urban expansion. This has been done despite the fact that the areas involved are some 10 times the current area for North Bendalong and about 2.5 times the area of Bendalong. Shoalhaven Council's draft planning document (August 1991) states that, "**only the modest expansion to existing areas would be sought**" and that, "**the establishment of a national park to abut urban areas**", were seen as some of its long-term visionary aims. This last minute grab by DLWC and Council fails to support these stated objectives.

The document continues:

> Finally, these areas form a vital part of the proposed wildlife corridor between the existing Conjola and Cudmirah National Parks. To leave this land out of the design at this time will result in having Council utilise such sensitive coastal areas for unwanted and unsupportable urban expansion whilst adversely impacting on effective and practical corridor management.

I would appreciate the Minister addressing this issue in his speech in reply. Similar to fishery issues involving lakes in national parks, a number of Crown land areas, many of which are dune barriers and under the control of the Department of Land and Water Conservation, should be part of the complement of areas added to the reserves. Such additions should not be left undone. I ask the Government to consider this reasonable request from the conservation movement and local conservationists.

The decision also ignored the proposed strong east-west links between the new Monga-Buckenbowra National Park and the expanded Murramarang National Park. These links are vital to the seasonal and migratory movements of wildlife, and are also part of the long-term safeguards against climate change and catastrophic events, such as wildfires. The decision has left the remaining areas of production forests open to intensive industrial logging and woodchipping.

The Government has been silent on the pulp log resource to be given to the Eden woodchip mill from the South Coast forests. The current supply is 60,000 to 70,000 tonnes per annum. State Forest figures provide for up to 90,000 tonnes per annum. Conservationists in 1998 were forced to argue desperately and unsuccessfully for a sawlog quota of 20,000 cubic metres rather than a supply of 24,000 cubic metres for the Eden region, provided from the south-east forests. In the final outcome, the Government quietly gave woodchipper Harris Daishowa a new 20-year contract for 345,000 tonnes a year rather than meeting its promise to end export woodchipping by 2000. That promise was made by Bob Carr, and signed by him in writing to me prior to the 1995 election. It is extremely hurtful to see this woodchip industry, which is a bargain basement throw away of our resource, in such fine form.

The Hon. D. J. Gay: Did he offer to pay for your how-to-vote pamphlets as well?

The Hon. I. COHEN: The Deputy Leader of the Opposition has asked me a question. I will not say that it is a loaded question. Bob Carr has never offered to pay for Greens how to votes. In the past we have successfully negotiated on the issues, particularly forests. I was elected largely as a forest activist and I have fought long and hard, both as an activist and as a member of Parliament, on forestry issues. As a conservationist I have consistently drawn the Government's attention to this matter. Bob Carr, to his credit, has listened in many instances. In other instances the Greens have found his position wanting. I remember his letter and the negotiations. I remember the day the Greens went to Bob Carr's office. It was the first time that a group of Greens had met with the Premier. The windows were open and the air-conditioning was turned off in an effort to create an atmosphere that would be comfortable for the Greens on their first meeting with a Premier at Parliament House.

The Hon. D. J. Gay: A bit of flim-flam, smoke and mirrors.

The Hon. I. COHEN: I remember clearly and strongly the events of that day. They were historical and pivotal to the Greens giving their preferences to the Government in many cases at that time. That does not mean that money was offered or changed hands. I make it very clear that we have always worked on the issues. The Deputy Leader of the Opposition would admit that on many environmental issues, particularly relating to the fishing industry, the Greens have given their strong support to the Coalition. We have also worked with the Coalition on the northside storage tunnel and many other issues because we are consistently working for the betterment of conservation and quality of life in our society.

There is great concern that the Carr Government is openly encouraging appalling new initiatives by the timber industry and the Forest Products Association, particularly in the use of native forests to fuel electricity generators, so-called biomass energy, and for charcoal production. These proposals will intensify logging and the consequent damage to biodiversity and catchments in the southern forests, as well as the north-east and Eden forests. The Greens will consistently and unerringly oppose this as a terrible blight and a cheap sell-out of our wonderful resources. The Wilderness Society, in a document entitled "Update on the South Coast Forests of New South Wales" states:

> A Southern Forest Agreement was announced by the NSW Government in April this year. It saw State Forests in the South Coast region roughly halve in size, with over 200,000 ha of new national parks being announced. It also constrained logging volumes to 1999 levels.
>
> In the last month, the NSW Government has reached a new agreement for these forests with the Commonwealth Government, which is aimed at producing a Regional Forest Agreement.

> 6,000 tonnes more quota-grade sawlogs per year will be produced under the new agreement, partly from more intensive logging practices, and partly from private land which will be purchased by State Forests of NSW with $5 million of new funds provided by the NSW Government. The 6,000 tonne increase will make the new quota 48,000 tonnes, up from the previously announced 42,000 tonnes. It is likely that non-quota sawlog volumes and woodchip volumes will also increase in at least equal proportion to the quota sawlog increase.
>
> Small areas of forest which were announced as new national park will be given back to State Forests for logging, including part of Georges Creek, one of the longest-standing icon wilderness old growth forests in the South Coast. Logging protocols (rules which determine the intensity of logging for environment protection reasons) will be watered down, allowing more intensive logging practices.
>
> Legislation to enact both the new national parks and the changes to logging volumes and practices is in the NSW Parliament now. It has passed through the Lower House, and will be before the Upper House this week.
>
> The greatest concern, however, comes from proposals by the forestry industry and Commonwealth Government for destructive new industries based in the region's native forests. Proposed are a new wood-fuelled power station and a charcoal production plant. If given the go-ahead, these proposals would likely see logging expand to 350% of current levels. As this would occur in an area of State Forest only half the size it was in 1999, the actual on-ground impact in logging intensity would be more like 700%. This would lead to broad-scale, intensive clear-felling never seen before in the South Coast, and probably equivalent to the worst logging practices currently occurring in Australia.

I nominate Tasmania, where such practices occur. The document continues:

> Such a future promises dire consequences for the many areas of old growth forest, rainforest, threatened species habitat and pristine catchments which are being left unprotected. These areas include Badja, Dampier, Monga and Wandella State Forests. For example, Balook Road in Badja is currently scheduled for logging in 2001, even though it is identified wilderness and its old growth forest provides habitat for at least eight recorded threatened species.

So far as conservation is concerned, we have got a long way to go before we get out of the woods. Nevertheless, whilst this process is ongoing—it does not end with a single assessment or development by the State Government—we are moving along a positive pathway. Sadly, the protracted and expensive assessment process has not resolved the fundamental issues which provoked the forest controversy. Despite expenditure of up to $140 million of taxpayers' money for industry restructuring we are left with a reserve system which is much smaller than required by the agreed scientific criteria, and continued woodchipping and intensive logging of over one million hectares of native forest. The Greens had hoped that the Deua wilderness area, an icon area of dispute for many years, would have been protected in totality. There has been a carving away of some of the areas that we would have expected to be protected.

We will not see the conservation of old-growth forests; rather, those areas adjacent to the Deua headwaters will be logged, which will affect everybody. Logging of areas adjacent to the Deua headwaters will result in the degradation of the quality of water. I have argued against the logging of that area but, because of the relationship between government and the forestry industry, areas adjacent to the Deua headwaters will continue to be logged—a sad and significant loss to the conservation movement. The Greens are strongly opposed to the continued logging of some old-growth and wilderness forests.

There is no long-term plan for industry's transition to plantations. There appears to be an industry and government agenda to further intensify logging, with all the consequences for biodiversity, catchment protection and salinity control. The failure of many governments at The Hague conference to agree on real measures to reduce greenhouse gas emissions and restore the planet's climate balance will reverberate throughout the nation. I am confident that, in the renewed tide of public concern for the environment, no government will be able to continue to allow the abuse and destruction of any part of our precious forests, either in New South Wales or in any other part of this country.

The fabulous decision taken in recent days resulted in the acceptance of the Blue Mountains for World Heritage listing. It must be remembered that the blue gum forest in the mountains was the site of one of the world's first conservation campaigns last century. The campaign was eventually won and that forest was saved from logging. No doubt at that time the timber industry argued that the decision would be an economic disaster. Some industry groups are still using the same tired old arguments. However, the unanimous conclusion of everyone is that the exceptional quality of the Blue Mountains environment is the main driver of both the economy and the quality of life of those living in the mountains.

The argument that is used time and again after wonderful high conservation value native forests have been conserved is that the economy and people's quality of life have been improved. The campaign for the southern forests of New South Wales will continue, despite the passage of this bill. The protection of some outstanding areas, in particular the marvellous coastal lakes and forests, is simply the beginning of the

recognition that this area deserves—recognition that is far from complete. Charcoal plants, woodchipping and wood-fired power stations have nothing to offer the environment or the economy of the South Coast.

The Greens support the bill but do not see it as an end in itself. Rather we see this bill as simply a part of the ongoing process of social change, which is necessary for saving both the environment and the economy of this wonderful part of New South Wales. We commend the Carr Government for the significant steps that it has taken in the right direction. I hope that we can work more successfully, or as successfully, in the future to resolve other outstanding issues. For as long as the Greens are represented in this Parliament the conservation movement and the community will work together to achieve greater forest conservation in this State.

Reverend the Hon. F. J. NILE [12.54 p.m.]: The Christian Democratic Party supports the National Park Estate (Southern Region Reservations) Bill. However, it is concerned about the impact that this bill will have on those who have occupational permits to use grazing land in national parks—an issue to which I will refer in more detail later. This legislation will provide for the creation of a continuous forest reserve system that will extend 350 kilometres from Macquarie Pass north of Nowra to the Victorian border.

I have been involved in debate concerning the development of this area and the protection of jobs, the timber industry and old-growth forests. I and environmental representatives have walked through some of the areas and I have also flown in a light plane to get a better view of the territory. I met the workers and residents of timber towns such as Bombala, and others who will be directly affected by this legislation. Honourable members would be aware that I live at Gerroa, which is just north of Nowra on the boundary of Seven Mile Beach National Park. When I have spoken at meetings in the southern area I have often driven down coastal roads as far as Eden. I have met with councillors from Eden council who are concerned about the development of that area, about jobs and about the future growth of the town and its industries. On a number of occasions I have met with others while driving through Macquarie Pass and Kangaroo Valley. So I am aware of this territory.

This bill will bring the total area of new parks and reserves created by the Government to 1.4 million hectares—a great achievement. It will provide security for timber communities in the southern region with its 20-year wood supply agreement—an agreement in line with agreements delivered to industry and other forest regions on the east coast. I hope that the Government fulfils its commitment to providing certainty for workers and employers in the region. Employers can then invest with some certainty in the future through planning and the provision of new equipment in timber mills and other areas of industry.

The South Coast subregion will receive a minimum of 42,000 cubic metres per annum of even-flow high-quality large logs and the Tumut subregion will receive 48,000 cubic metres per annum of even-flow high-quality large logs—statistics that I am sure will please the timber industry. In addition, there will be an increase in the annual harvest in the South Coast subregion through land acquisition plantations and silvicultural treatment, on condition that the Commonwealth Government signs the regional forest agreement for the southern region.

I hope that the Parliamentary Secretary, when responding to debate on the second reading of this bill, will resolve one of the issues raised in the other place relating to discussions held with the Commonwealth Government. It appears as though the State Government went ahead with this legislation without entering into an agreement with the Commonwealth Government. The State Government said that it had an in-principle agreement with the Commonwealth Government. When will a firm agreement be entered into by the State and Federal governments?

Honourable members would be aware that issues such as employment and shared financial contributions were discussed with the Commonwealth Government. Another issue that was raised in debate in the other place—an issue that I believe has not been resolved—involved the link between this legislation and the 1998 legislation. How do provisions in the 1998 legislation relating to the 20-year forest agreement and integrated forestry operation approvals link up with this legislation? I ask the Minister to confirm that the 20-year forest agreements and the integrated forestry operation approvals for each subregion will continue. What is the legislative framework for those agreements? As the forest industry has obviously been promoting plantations I ask the Minister to assure the House that no plantations will be included in these new national parks.

Debate adjourned on motion by Reverend the Hon. F. J. Nile.

[*The Deputy-President (The Hon. A. B. Kelly) left the chair at 1.00 p.m. The House resumed at 2.00 p.m.*]

TABLING OF PAPERS

The Hon. M. R. Egan tabled the following reports:

Sporting Injuries Committee Annual Report: 1999-2000
Superannuation Administration Corporation Annual Report 1999-2000

Ordered to be printed.

ELECTRICITY SUPPLY AMENDMENT BILL

Second Reading

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [2.01 p.m.]: I move:

That this bill be now read a second time.

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

Leave granted.

The Electricity Supply Amendment Bill 2000 provides the legislative foundations to complete the retail electricity reforms—reforms that have already delivered significant benefits to the community. This bill is all about facilitating customer choice. Electricity retail competition allows customers to switch from one retail supplier to another. Currently, many customers, including all households, are supplied electricity under a franchise arrangement. This arrangement forces electricity customers to buy power from someone elected by the Government. This bill changes that, allowing customers to choose their own supplier.

However, the legislation goes further than simply allowing customers to choose their retailer. It also provides a strong consumer protection framework. As part of this, the legislation provides for an ongoing role for the Independent Pricing and Regulatory Tribunal [IPART] in the regulation of prices for smaller customers. The bill allows customers to choose between obtaining supply from the competitive market established by the Carr Government, or obtaining supply at a price regulated by IPART. In short, this bill is aimed at maximising customer choice and protection. Maximising customer choice is crucial in driving competition, and the benefits of retail competition are real.

The largest electricity customers in New South Wales, who have been able to choose their retailer, have seen cost savings in the order of $1.5 billion. In summary, this bill makes changes to the Electricity Supply Act to: establish a regulatory regime to protect the interests of smaller electricity customers who may not always be in the best position to negotiate an electricity supply deal; clarify the roles and responsibilities of retailers and distributors in delivering services to electricity customers in order to facilitate the smooth operation of a mass electricity retailing market; and provide for new market rules to accommodate the requirements of a market in which there are many more customers who are able to switch their retailer.

Each of these key elements of the amendments to the Electricity Supply Act will be described in turn. The Government is determined to ensure the benefits of electricity reforms are extended to the whole community. This is why we are proposing a new and comprehensive regulatory regime suitable for a mass electricity retail market. Customers who are already able to choose their retailer will continue to enjoy the same benefits of retail competition along with their existing regulatory protections. While this regime works well for customers who are large enough to look after their own commercial interests, the arrangements are not necessarily comprehensive enough to suit the operation of a competitive market for smaller customers, including New South Wales households.

New arrangements are required to ensure that smaller customers have sufficient bargaining power with suppliers and that there are strong incentives for suppliers to deal fairly with all customers. The first step in introducing these new protections is to identify those customers who are eligible to receive the benefit of these enhanced regulatory arrangements. Currently, the Act focuses on providing for a regulatory protection regime for franchise customers. However, a central aim of the retail reforms is to eliminate the concept of exclusive customer franchises in favour of encouraging customer choice. In light of this, the bill establishes a class of customers known as small retail customers. These customers will be identified by regulation, anticipated by the end of this year.

These customers will be those who are currently franchise customers, who consume less than 160 megawatt hours of electricity a year, or who annually spend less than about $16,000 on electricity. The key entitlements for small retail customers are: the right to choose between a competitive or regulated tariff; supply contracts containing minimum terms and conditions; and free access to an approved electricity industry ombudsman scheme. There are a number of proposed changes to the Act to support these entitlements. Firstly, new powers must be given to IPART to allow it to determine retail tariffs for small customers, since its powers to regulate electricity retail tariffs lapse at the end of this year. The termination of IPART's powers was designed to coincide with the time when it was expected that all electricity customers would have the right to choose their retailer.

However, this needs to be revised for two key reasons. Firstly, it is clear that a national framework to support electricity retail competition is still another year away and therefore it is not practical to expose small customers to an ill-prepared market. Secondly, the Government wants to offer regulatory protection to those customers who wish to remain on a regulated tariff. Customers should not be forced to choose a different supplier in the transition to a fully competitive market. In addition, the legislation offers small customers the option of electing to return to a regulated tariff if they choose to. This will give customers

the confidence to test the benefits offered by the market, knowing they can return to a regulated tariff at a later stage. This policy is consistent with the Government's aim of maximising customer choice.

In establishing new regulatory powers for IPART the amendments have been structured so that they reflect the fact that the retail supply of electricity will no longer be a Government monopoly service. The key features of the IPART scheme are that: IPART will determine regulated retail prices in accordance with a reference from the Minister for Energy; the reference from the Minister may specify a period for reporting, and matters IPART is required to consider in making its determination; and in making its determination IPART must have regard to any matter it is required to by its reference, and the effect of the determination on competition in the retail electricity market.

IPART's determination may specify tariffs or charges, or determine the methodology by which regulated tariffs and charges are set. The bill makes it an offence for businesses not to comply with the IPART determinations. This scheme has been carefully designed to balance the interests of customers and investors in retailing systems. It is important for a competitive retail market that investors do not face a risk that price determinations for regulated tariffs, designed to provide a safety net for customers, have the effect of undermining customer incentives to seek competitive supply. If such a risk was present this may undermine the retailer incentives to invest in the systems necessary to make the competitive market work to the benefit of customers.

The bill establishes standard retail suppliers who will be responsible for offering regulated tariffs to small retail customers. Standard retail suppliers will be the government-owned retail suppliers in the first instance, who will be obliged to offer electricity supply to all customers in their electricity supply district. The bill also provides for a scheme to ensure that standard retail suppliers who are obliged to offer regulated tariffs to customers receive a regulated return for providing this service, as has occurred in the past. Under current arrangements, retailers offering regulated tariffs are guaranteed a regulated return because all of their costs are regulated.

For example, IPART sets the low voltage distribution charges, the Australian Competition and Consumer Commission [ACCC] sets the high voltage transmission charges, and the costs of buying electricity from the wholesale market for customers with regulated tariffs is fixed by a series of hedging contracts known as vesting contracts. Because of their anti-competitive nature, vesting contracts had to be authorised by the ACCC. Regulation by IPART and the ACCC of the electricity networks will continue for all customers into the foreseeable future. However, the ACCC has indicated that it will not authorise any new vesting contracts. Therefore, the Government needs a practical alternative to ensure retailers receive a regulated return in a way that is consistent with the Government's reform aims and the Trade Practices Act.

The proposed arrangement included in the bill operates by compensating standard retail suppliers, that is, those suppliers who are obliged to offer regulated tariffs to customers who wish to be supplied at regulated tariffs, for the costs of buying power from the wholesale market. If the retailer's wholesale electricity costs are lower than the amount paid by regulated customers, as it will inevitably be at certain times, the retailer will be obliged to pay these surplus funds into the Electricity Tariff Equalisation Fund. The fund will then be used to compensate retailers for times when wholesale costs exceed the amount paid by customers on regulated tariffs.

In the event there is a sustained rise in pool prices and there is insufficient money in the fund, New South Wales Government-owned generators will be required to top up the fund to the extent that they have benefited from the high wholesale prices that caused the fund to dry up. This arrangement ensures that the retailers will always be in a position to economically provide electricity to customers at the regulated tariff and at the same time earn a regulated return. The bill provides for the establishment of a ministerial corporation, the Electricity Tariff Equalisation Ministerial Corporation, which will be responsible for developing and administering the rules governing the operation of the fund. The rules of the fund will need to be approved by the Treasurer in consultation with the Minister for Energy.

An important aspect of the bill is the restriction on the corporation from participating in the financial operation of the electricity market. The fund does not centralise the State's trading activities. The fund will not trade electricity and will have no involvement with the operations of the national electricity market. The primary role of the fund is to ensure that retailers supplying customers at the regulated tariff will receive the regulated return set by IPART. In terms of other forms of price protection, the bill establishes a legal framework for IPART to determine other retail charges including security deposits, and charges for late fees and dishonoured cheques.

The bill also allows IPART to regulate a customer's contribution to the costs associated with connecting to the network. Currently, distributors are free to decide the basis on which customers contribute to these costs. While the works associated with connecting customers must be contested in the market, this does not always provide adequate protection against distributors allocating an unfair proportion of the costs, which often benefit other customers, to a particular customer. Thus, the bill amends the Act to allow IPART to determine the proportion of the connection costs to be allocated to a particular customer.

To complement these new powers given to IPART to regulate retail prices and charges, the bill provides for the regulation of the minimum terms and conditions to be included in supply contracts. All small retail customers will be entitled to supply on the regulated terms and conditions of the standard form customer contract. And those supply contracts will include the existing requirements and some additional protections. There will be a core set of terms and conditions that must be incorporated into small customers' supply contracts. This will ensure small customers do not lose basic customer rights when negotiating their own supply arrangements.

The inclusion of minimum terms and conditions in supply contracts is designed to allow small customers to concentrate on negotiating key aspects of their supply agreement, such as price and the length of the contract. The minimum terms and condition of these contracts will cover such things as: methods for calculating consumption and charges; standards of service to be provided to customers; circumstances under which customers can be disconnected; and procedures for making inquiries and for managing customer disputes. It should be clear that the existing conditions, particularly for disconnection, will not be watered down. These minimum terms and conditions will be established through a regulation and are being developed in consultation with stakeholders.

While minimum terms and conditions provide protection for customers when they have a contract with a retailer, it is just as important for the Government to define how it expects retailers and other electricity marketers to behave when they are offering contracts to customers. This will be through a marketing code of conduct. This code would regulate how marketers must behave when approaching customers to offer them different supply options. For example, it will describe what information must be made available to customers so that they may make informed choices about who supplies them. The code is being developed jointly by Government, customers, industry and regulators. The code will be subject to ministerial approval and licensed retailers will be bound to comply with the code. The bill also makes licensed retailers responsible for the actions of marketers who have acted on behalf of a licensed retailer, and by creating offences for marketers that do not have a retail license where they breach the code.

The Government recognises that introducing nearly three million customers to a new market will mean that there will be an increase in the number of disputes between suppliers and customers. It also recognises that the new market arrangements will widen the scope of activities over which disputes may arise. In order to address this customers will have free access to an Electricity Industry Ombudsman. An important feature of these amendments is that access to the scheme has been extended to customers supplied by persons other than licensed retailers, such as customers living in caravan parks and boarding houses. Further, the legislation has been amended to allow the ombudsman to examine a wider range of customer disputes.

The bill ensures that retailers and marketers are bound by the decisions of the ombudsman. The Government will also ensure that customers' privacy is protected. Information about customers will become far more valuable as the mass retail market gets underway, and it is important that a balance be found between allowing retailers access to sufficient customer information to ensure competition emerges, and protecting the interests of customers and their privacy.

The amending bill therefore makes provision for regulations to be made to strike this balance. In delivering these protections, the Government will consider developments at the Commonwealth level, as well as consulting widely with stakeholders. The current Act refers to electricity distributors who have combined responsibility for network services and retailing supply functions. For a range of reasons the Government believes it is more sensible to delineate between the activities of distributors and retailers, for example: it allows the Government to impose or transfer similar obligations on to other retailers operating in New South Wales, that is other than just the Government-owned retailers; and it provides for the legal separation of the vertically integrated distributor-retailers as recently recommended by IPART. This separation then allows IPART to more effectively regulate the distributors.

The bill amends the Act in the following ways: it renames the network businesses a "distribution network service provider", which is consistent with the national electricity code terminology; it allows the Minister to request distributors to transfer their retail licence to an approved retail supplier; it redesigns the statutory arrangements in relation to the retail supply obligations of the electricity distributors in the form of a bundle of conditions which together constitute an endorsement on the licence of a standard retail supplier; and it clarifies throughout the Electricity Supply Act where the powers and duties of electricity distributors relate to distribution network service provider or retail supplier functions. For example, powers of entry to a customer's premises for retail suppliers are established for specified purposes.

Finally, to ensure the orderly operation of the new retail market, it is essential that participants be bound by a common set of rules. New rules are required for two reasons: to link the New South Wales retail market with the national electricity market; and to cater for the new arrangements. It is also necessary to develop rules that govern the metering of electricity. This is because the method by which electricity is metered will become a more important aspect of the electricity market with the introduction of full retail competition.

Allowing new technologies to be used to meter supply will provide retailers with a better understanding of their customer's demand, thereby allowing them to buy electricity from the wholesale market more cheaply, which will flow through to lower prices for customers. New rules need to be developed to govern the way that customer demand is measured, the nature of metering equipment allowed to be used, and the procedures for transferring, replacing and maintaining metering equipment. There also needs to be new rules defining procedures for collecting and using meter data.

The bill provides for such rules to be approved by the Minister. The bill makes it a condition of a retailer and distributor licence to comply with these rules. To ensure that this important aspect of the market is expedited the bill provides for the appointment of a specific person who will be responsible for the development of these metering rules, known as the metrology co-ordinator. In terms of the sorts of rules that become necessary with the introduction of a large number of new customers to the market, it will be important to oblige retailers and distributors to formalise their contractual relationship as a provider and user of network services. There have been few if any formal agreements on this important aspect of the market. In a market where significantly more customers are contestable, this could become a serious source of dispute, which may, in turn, involve smaller customers.

Of equal importance, if retailers cannot negotiate a contract for the use of a distributor's network, this could retard the development of competition and customer choice could be restricted. Thus, the bill provides for the establishment of rules that would result in the development of a standard form "network use of system" agreement. This standard agreement would facilitate the entry of new retailers into New South Wales, thereby promoting competition and benefits for customers.

The amending bill also makes some consequential amendments to the electricity distributors' levy [EDL] provisions. These amendments are necessary as once full retail competition is operating customers will no longer be identified as "franchise" or "non franchise". Once these amendments are fully operational, household and small business customers who consume less than 40 MWh per annum will be excluded from the requirement to pay any increase in network charges. The Government will adjust the EDL rate to ensure that revenues from business customers do not exceed the previously stated revenue target.

This bill introduces important changes to the structure and operation of the electricity retail market in New South Wales. Without these amendments the Government will not be able to deliver a major plank in its electricity reforms commenced over five years ago. This bill is important in delivering ongoing benefits to electricity customers and the wider community. I commend the bill to the House.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [2.02 p.m.]: I lead for the Opposition on the Electricity Supply Amendment Bill 2000. If it is of assistance to the Minister in another place, who seems from

his speech in reply to be somewhat confused, I state from the outset that the Coalition supports the majority of this bill, and will not oppose its passage through the Parliament. For the Minister's benefit, I also indicate that the Opposition has significant concerns about a part of it. I will expand on that matter shortly.

From 1 January 2002 every householder in New South Wales will be able to choose their electricity supplier. That means that I, as a customer of Great Southern Energy, may be able to choose to buy my electricity for my property at Crookwell from any of the other New South Wales electricity retailers, or indeed from an interstate supplier from Victoria or Queensland. This is a major change. This is opening the New South Wales market to competition that it has never before seen, and will mark the full implementation of the national electricity market [NEM] in New South Wales. The NEM has been operating for several years, facilitating a deregulated market environment for large- and medium-scale customers, but the move to full retail contestability will herald a new era for every consumer in this State.

Current arrangements for electricity supply for small customers in New South Wales are under a franchise arrangement. That means the six State-owned electricity distributors—EnergyAustralia, Integral Energy, NorthPower, Great Southern Energy, Advance Energy and Australian Inland Energy—enjoy a customer base that is set down by the Government. This bill sets in place the mechanisms whereby customers can break out of those franchise areas and join the national electricity market. The Opposition supports this move. It supports the concept of competition in the marketplace, but will err on the side of caution.

One need only look to the United States of America, and in particular the State of California, where legislators are now considering a limited form of re-regulation following their disastrous foray into a free market environment. Once full competition was put in place, Californians saw their quarterly power bills almost double, and the State was plagued by rolling blackouts caused by a severe shortage of generating capacity. I am confident that we will not be faced with a similar situation here because there is no shortage of generating capacity; in fact, quite the opposite, with some New South Wales generators carrying a large excess capacity.

I also hope the consumer protection elements of this bill will be able to keep a tight rein on prices, so those consumers actually get a reduced power bill rather than a higher one. I am pleased that the Government has recognised the need for strong consumer protection. I am also pleased that the Government has set in place new powers for the Independent Pricing and Regulatory Tribunal [IPART], whose current powers in relation to electricity expire on 31 December 2000. It comes as no surprise to me that the Government has left these arrangements until virtually the eleventh hour—it has had all year to bring forward this bill, but that is what we have come to expect from this Government.

In brief, this bill, through changes to the Electricity Supply Act of 1995, establishes a regulatory regime to protect the interests of small customers; clarifies the roles and responsibilities of retailers and distributors in delivering services to electricity customers in a deregulated market; and provides new market rules to accommodate the requirements of a deregulated market serving customers who are able to switch retailers. Because of the move to full retail contestability, new arrangements are required to ensure those at the smaller end of the market are able to have sufficient bargaining power with the suppliers to ensure they can get the best deal for their power supplies. I congratulate the Government on its approach to this matter.

The Act focuses on a regulatory protection regime for franchise customers. The changes proposed as part of this amending bill will almost eliminate exclusive franchises and introduce choice to small consumers. The bill will establish a class of customers known as small retail customers. By that term, these customers can be defined as those who consume less than 160 megawatt hours of electricity per year, or those who spend less than $16,000 per year. By the very definition then, every household and most farms in the State will be included.

The Opposition supports the key entitlements contained in this bill for small retail customers. These entitlements include, first, the right to choose between a regulated and a competitive tariff. This means customers may choose to remain with their current supplier under a franchise agreement, or shop around to find the best deal for their electricity. The entitlements also include supply contracts containing minimum terms and conditions. Anyone who may have bought a mobile telephone would know how complex and extensive the contract agreements and associated small print can be. Quite often a person will sign up for a contract for a mobile phone and then be hit with additional fees and penalties for things such as early exit from a contract. These minimum terms and conditions are a welcome amendment to the Act, and the Opposition supports their introduction. However, I acknowledge industry concerns that many people will simply choose to stay with their present retailer rather than switch to the competitive market, thus negating for many customers the need for these terms and conditions.

Free access to an approved electricity industry ombudsman scheme is also a welcome amendment. I would expect that the transition period to the deregulated market would not be without complications and a degree of confusion from customers. Access to a free ombudsman scheme is going to be an essential part of the transition and operation of the deregulated national market, and we support it. I was interested to read an *AAP* story in the press on the weekend that trumpeted the fact that electricity consumers would soon be offered stronger protection. The story stated quite categorically that the new measures will allow the electricity and water ombudsman to quickly and effectively resolve disputes and problems. I wonder if anyone pointed out to the ombudsman that the bill has not yet been passed in this House—a small but important point.

To support these entitlements, the new powers proposed for the Independent Pricing and Regulatory Tribunal [IPART] will be essential. IPART will be able to determine retail tariffs for these small customers, a move that will offer a degree of protection to the market. The bill also offers small customers the choice to return to a regulated tariff, that is, the tariff they were exposed to in a regulated market. This is a good arrangement for customers—it allows them to venture into the deregulated competitive market and see what is available. They are able to shop around for the best deal, and if it is not available or does not suit, they are able to return to a regulated tariff. The new powers set out for IPART clearly recognise that retail electricity supply will no longer be the sole domain of Government. The key roles of IPART from 1 January next year will be to determine regulated retail prices in accordance with a reference from the Minister for Energy. It is my understanding that the reference from the Minister may specify the period for reporting, as well as setting out any matters that IPART must take into account in making its determination.

It is at this point that I raise an important issue in relation to the management and oversight of the New South Wales electricity industry. As honourable members would be aware, the Minister for Energy has responsibility for regulatory issues relating to energy, while the Treasurer and the Special Minister of State are the shareholding Ministers who have responsibility for financial management and oversight relating to the State-owned distributors and generators. That blurs the lines of responsibility somewhat, and it has been a long-standing concern of mine that at no one time do all three Ministers have a full understanding of what is actually happening in the industry. I am sure Treasurer, who is in the Chamber, would probably agree with me. I raise this matter now in the context of the Minister for Energy issuing a reference to IPART on setting regulated retail prices.

I ask the Government: Will the Minister be making the reference following consultation with the shareholding Ministers, or will it be something that he does on his own? I ask that because there are important implications across the board flowing from any change in the regulated retail price. Any change will have an impact on the bottom line of the retailers, and this is within the realm of the shareholding Ministers. I would like some clarification on that particular matter. I have read the comments by the Minister in another place in regard to this issue, but I am still not convinced about the clarity and surety of the process. IPART's determination may set out tariffs or charges, and it will be an offence for businesses not to comply with the IPART determination. I seek a guarantee from the Government that any price increase set by IPART will not exceed the consumer price index [CPI]. That guarantee must be given—it was within the briefing notes.

I also seek an assurance from the Government that the benchmark price used to determine a customer's pattern of usage is not increased above CPI, and I seek a further guarantee that new and returning customers will not be subjected to unrealistic price rises above the CPI. The bill also establishes standard retail suppliers who will be responsible for offering regulated tariffs to small retail customers. The standard retail suppliers will be the government-owned retailers—EnergyAustralia, Integral Energy, Great Southern Energy, Advance Energy and Australian Inland Energy—who will be obliged to offer supply to all customers in their electricity supply district, in much the same way as they currently do under franchise arrangements.

The bill also sets out a scheme that ensures these standard retail suppliers receive a regulated return for providing this service to customers. This scheme will be known as the Electricity Tariff Equalisation Fund [ETEF]. A section of this bill deals exclusively with the new arrangements for these standard retail suppliers, and it is that section which is of grave concern to the Opposition. Firstly, the content of the bill does not fully explain how the ETEF will operate. According to the explanatory notes of the bill, the fund is supposed to be:

> A mechanism to manage the wholesale purchase risk borne by standard retail suppliers who are subject to competition in the wholesale electricity markets but who have to retail electricity obtained in that market at regulated retail tariffs to small retail customers.

Presumably, the fund will guarantee these retailers no loss on the regulated tariff. If so, this will be anticompetitive, and other retailers, such as interstate companies, will be disadvantaged. If the regulated tariff,

to be set by IPART, is set and updated correctly, there should be no need for the ETEF. At the moment, retailers are expecting to replace their existing vesting contracts between themselves and generators at lower contract prices. There is a danger that IPART will set the regulated tariff too low, and that no-one eligible to be a small retail customer will want to switch from the regulated tariff by opting for a negotiated tariff. Incumbent retailers would benefit from a low regulated tariff, which would result in them retaining most, if not all, of their existing franchise customers on which a regulated return would be guaranteed. That is, there would be no risk for the retailer whatsoever, no matter what the wholesale pool price might rise to.

Under the ETEF scheme, retailers and generators may be required to make payments to the fund. The ETEF raises significant financial risks for the taxpayers of this State. Surely they are entitled to be told the details of how the fund will operate before it is legislated into existence. As this bill is in its final stages in the Parliament, I understand that the operation of the ETEF is still being worked out. I raise this as a matter of concern based on the experience of the Queensland Government with a policy called economic purchasing groups. I have been reliably informed that the original architects of that policy were Professor Don Anderson and Danny Price, who worked with the Queensland electricity reform task force. They now head up the market implementation group [MIG] of State Treasury in this State.

The market implementation group of State Treasury formulates recommendations for the operation of the State-owned generators and retailers in the deregulated market, and it appears that they are heading down the same path here as they did in Queensland. I note from questions without notice that the Treasurer maintains that Messrs Anderson and Price were not working in Queensland when economic purchasing was implemented and subsequently abandoned. However, I have been further informed that that is not the case. It is interesting to note, and it is of great concern, that the Beattie Government in Queensland has now abandoned economic purchasing, because the policy has cost the Government an estimated $500 million as a result of the risk to which the Government was exposed. It may be useful at this point to explain how economic purchasing worked, and to draw some similarities between that policy and the proposed Electricity Tariff Equalisation Fund [ETEF]. The Minister claims that by raising these concerns the Opposition strangely seeks to introduce exactly what was implemented in Queensland, but nothing could be further from the truth.

I hope he is listening, because what I will detail bears a striking similarity to the policy that he is seeking to introduce. Under the policy of economic purchasing, the Queensland Government indemnified the retailers to the extent that their cost of purchasing energy from the electricity pool exceeded the price they were allowed to charge franchised customers. This arrangement made it very difficult for retailers from outside Queensland to compete in that State, because the Queensland retailers could use their guaranteed profits in the franchise sector to subsidise their competitive customers. The indemnity was in effect a free cap from the Government to retailers—the end result being that any financial risk was transferred to the Government, and that is where the problems began. I hope that the Government is not about to embark on that same path. The Minister offered a simple explanation of the operation of the ETEF in his second reading speech in another place, and it is worth looking at what he said:

> If a retailer's wholesale electricity costs are lower than the amount paid by regulated customers, as it will inevitably be at certain times, the retailer will be obliged to pay these surplus funds into the Electricity Tariff Equalisation Fund. The fund will then be used to compensate retailers for times when wholesale costs exceed the amount paid by customers on regulated tariffs. In the event of a sustained rise in pool prices and there is insufficient money in the fund, New South Wales Government-owned generators will be required to top up the fund to the extent that they have benefited from the high wholesale prices that caused the fund to dry up. This arrangement ensures that the retailers will always be in a position to economically provide electricity to customers at the regulated tariff and at the same time earn a regulated return.

How is this different from what happened in Queensland? The key point here is that both economic purchasing and ETEF in effect offer a free cap to the market. It was a fairly informal arrangement in Queensland, whereas in New South Wales it will be legislated. It is conceivable, and indeed highly probable, that there will be a sustained rise in the pool price of electricity, meaning that the generators will be called upon to top up the fund, which in turn can then pay the retailers. It is my contention that the fund will be dry for a great deal of the time, which means that the State-owned generators will be called upon to provide funds. The argument of the Government is that the generators will benefit from high pool prices, and will therefore have the money to prop up the retailers, but I have my doubts. Frankly, I have my doubts. The Government is about to embark on another round of Eganomics and debt load the generators, while at the same time putting in place a scheme that will see the generators called upon to top up the ETEF.

I ask the Government to explain how it proposes to identify the extent to which the generators have benefited from high wholesale pool prices. It would appear that this would require a detailed examination of all contracts held by the generators—it is not a simple matter. I am also concerned that the ETEF may have an

overall effect on the dividends payable to the State Government by the three State-owned generators. This policy has the potential to expose the Government, and therefore the taxpayers, to a massive financial risk. The ETEF has been likened to an overs-and-unders account. I now seek a cast-iron guarantee from the Government that the ETEF policy has been properly evaluated. I would also seek answers to the following: Is there a financial risk involved in the ETEF that is unsustainable, unwarranted and therefore unnecessary? Does the Government have faith in the ability of IPART to set an appropriated regulated tariff price, and if so, is there a need for the ETEF?

Can the Government guarantee that money from the Consolidated Fund will never be used to top up the fund? Who will administer the ETEF? The Minister claims that the ETEF will have no trading role in the national electricity market, nor will it centralise the State's trading activities. While that may be the case and it is welcomed, the Opposition still holds concerns about this policy. We fully recognise the need for strong consumer protection in a deregulated market, but we have strong reservations about supporting a bill that may put in place a potentially financially damaging policy. Minister Yeadon also claimed in his reply in another place that the Opposition can offer no alternative to the ETEF, and is therefore advocating the introduction of economic purchasing. Once more for the benefit of the Minister, who is a bit slow in learning, I can confidently say—

The Hon. M. R. Egan: Which Minister are you talking about?

The Hon. D. J. GAY: Not the Treasurer in this instance, but on other occasions it can relate to him. Once more, for the benefit of the Minister in the other place, I can confidently say that we do not advocate, nor have we ever advocated, such a high-risk policy. In fact, he should know the opposite to be the case because we have been highlighting the problems with what he is seeking to introduce. However, we can offer an alternative, and it is a simple alternative. The ETEF would be completely unnecessary if government-owned retailers did not have to take on small customers. IPART could still set the tariff, but retailers would be invited to tender, and pay, to have the small customers allocated to them. That is, the retailers who tender would voluntarily accept the risk involved. The Office of the Regulator General in Victoria is on the cusp of making a similar recommendation for retailers in that State, and the Actew Corporation in the ACT has been operating a form of tendering for almost two years. There are alternatives. We do not recommend them, but there are alternatives.

The Hon. M. R. Egan: Do you have an alternative that you recommend?

The Hon. D. J. GAY: Another solution may be to contract out the management of the fund to the private sector, to an insurance group or a bank that has experience in large-scale financial risk management. In that fashion, the risk that is inherent in the ETEF proposal is transferred from the public purse to the private sector. If I had to choose and recommend one out of all of them, that one would be the favourite. It certainly needs more work, but I suspect it is a much better way to go.

Other parts of this bill establish a legal framework for IPART to determine other retail charges, including security deposits and late fees. Importantly, the bill also allows IPART to regulate a customer's contribution to the costs associated with connection to the network. Distributors are currently allowed to determine what portion of a connection fee will be borne by the customer and what part the company will absorb. In country areas this can be prohibitively expensive—with the cost of connection running to around $8,000 per electricity pole. I am pleased that the Government has introduced this provision as part of this bill. It will undoubtedly make access to the network cheaper for many customers, and it will mean that the companies will share the cost.

I spoke earlier about the minimum terms and conditions for electricity supply contracts that will be put in place under this bill. Most of those terms and conditions are still being developed, and will be implemented by regulation. I welcome those terms and conditions. They will only serve to benefit the customer in the long term. However, the terms and conditions should be accompanying this bill, which should contain the entirety of the process. With the introduction of a competitive market, it can be expected that the electricity suppliers will be on the "hard sell" to attract customers to their company. Marketers will be pushing for small customers to change providers in an effort to boost customer numbers. The bill therefore also sets out the establishment of a marketing code of conduct to control the behaviour of retailers and marketers.

The code, which is also under development, will set out strict guidelines for the operation of those marketers. I hope there will be sufficient penalties to deter any breaches of that code. Once again, it is my understanding that the code is under development. It should have been delivered with this bill, not come in

afterwards. Other important provisions of the bill relating to customer protection, all of which are supported by the Coalition, include access to the free electricity industry ombudsman and protection of customer information in a highly competitive environment. As honourable members may be aware, IPART has been circulating a discussion paper concerning the future separation of retail and distribution functions of the State-owned electricity distributors. I was more than a little surprised that this bill contains the framework for this delineation before IPART has finalised its position on this matter. I hope the Government is not second-guessing the outcome of IPART's proposal on this matter.

With the advent of a competitive market where customers will be able to choose their retailer, there will come a change in metering. Metering can operate in different ways in a competitive environment, and the bill recognises that fact. The bill provides for the appointment of a specific metrology co-ordinator, who will be responsible for developing a set of metering rules. These rules will include the way data is collected, managed and used. The bill also sets out methods for the establishment of rules that would result in the development of a standard form network use of system agreement. This agreement would pave the way for the entry of new retailers to the New South Wales market, setting out the conditions under which new entrants would operate and perform. This is another step towards opening the market to competition in the hope that consumers will benefit from lower prices.

No-one can deny that this bill offers important consumer protection to the small retail customers in New South Wales, and certainly the rural customers that I spoke about. The Government has come a huge way towards ensuring that protection. The Opposition supports each and every one of the provisions that offer protection to consumers, but, as I indicated earlier, we have grave concerns about the operation of the Electricity Tariff Equalisation Fund. Unless the Government can guarantee that there will be no exposure to massive financial risk through this policy, the Opposition remains opposed to that part of the bill. I recognise that this bill is an essential part of the transition to a fully competitive electricity market. I realise that the consumer protection provisions of the bill are essential. I realise that the new powers for IPART are a step in the right direction. However, what I do not, and cannot, accept is any policy that exposes the taxpayers of this State to additional potential financial risk.

The Hon. J. H. JOBLING [2.34 p.m.]: I support the comments of my colleague the Deputy Leader of the Opposition, who skillfully and comprehensively set out the Opposition's grave concerns with the bill. It is pleasing that, at long last, full contestability is beginning to come to the market and that, from 1 January 2002, large, small, intermediate and household users will be able to participate in the national electricity market. Full contestability will change the electricity market as we know it for all time. It appears that, in most cases, that should be to the good and benefit of the consumer. In fact, over the past few years a national contestability market, in a restricted form, has been operating for large users of electricity. Clearly, this bill sets in place mechanisms that will allow consumers to choose their electricity supplier, as well as providing for stringent customer protections. These mechanisms and protections are quite clearly necessary for the successful operation of the scheme.

The establishment, by regulation, of a category of "small retail customer" is acknowledged by the Coalition to be important. Those retail customers need a range of protections. We must ensure that anyone who owns or occupies premises is able to apply for electricity and not find themselves faced with a major supplier deciding not to supply them because of their doubtful nature. It is said that the Independent Pricing and Regulatory Tribunal [IPART] will have the power to set a regulated retail price for small retail customers who, if they elect to take their electricity at a regulated price, can continue to operate as they currently do, but with specified protections. My colleague the Deputy Leader of the Opposition has outlined many concerns regarding the Electricity Tariff Equalisation Fund and the management of financial risks that will be faced by retailers, who will have statutory obligations to supply customers at the specified regulated retail price and in a manner that complies with the Trade Practices Act, without attempting to vary the market in some way that would artificially distort the price signals.

Obviously, small retail customers must be assured free access to an ombudsman scheme, and this has been announced. However, this matter raises a number of questions. This bill deals with the ability of a customer to make an elective decision; in other words, the right of a customer to choose. Electricity retail competition will allow all domestic consumers to decide which retailer will supply their power. And we will be able to switch from one supplier to another. We need to ensure that householders currently supplied under a franchise agreement retain that option. An arrangement that forces customers to buy power from someone nominated by government will be altered by this bill, allowing individual consumers the right of free choice. The role of IPART, as was outlined by my colleague, will be critical in oversighting the operations of electricity

suppliers and their compliance with the provisions of this bill. The changes to elements of the Electricity Supply Act will clarify the roles and responsibilities of retailers and distributors in the delivery of services to the market and consumers.

However, when considering that aspect, one must ask some of the questions asked by my colleague the Deputy Leader of the Opposition. One must wonder about the Electricity Tariff Equalisation Fund [ETEF], if and when it is put in place. A similar policy—the economic purchasing group—was put in place in Queensland on the recommendation of a Professor Don Anderson. Is this Professor Don Anderson the same person whom I understand is to head the New South Wales Treasury market implementation group? If so, I express grave concern. Honourable members will be well aware that the economic purchasing group was abandoned in Queensland following losses of some $500 million. The Queensland Government has agreed to cover up to $80 million in losses this financial year on the contracts one of its State-owned electricity companies undertook with privately owned power generators. Of course, that company was Enertrade.

I do not propose to refer in detail to what happened in Queensland, but the warning bells must be sounding and one must ask why. The energy market in Victoria has been somewhat volatile over the last several years as contestability has slowly crept in. One has to wonder what happened in the Victorian market about three to six months ago, when things began to change. The price per megawatt hour and the forward charging price suddenly took a leap forward—it increased from about $21 to $25 per megawatt to about $35 per megawatt. The forward prices equally responded. After one of the generators at Loy Yang broke down the prices again started to climb steeply. The forward prices then increased to $43, and they are now increasing to $47 to $52 per megawatt hour. Those increases are considerable. I refer honourable members to what happened in New South Wales with Pacific Power and PowerCorp, when prices were locked at about $21 per megawatt. If the trends continue, if the losses we predicted—

The Hon. D. J. Gay: Of $650 million.

The Hon. J. H. JOBLING: As my colleague says, of $650 million. They will be lucky to get away with that price. Futures and trading in electricity are both unknown and particularly dangerous fields. Few experts have the least idea of how much they can stand to lose. Many merchant bankers have clearly said that it is not a game for amateurs.

The Hon. D. J. Gay: Integral lost $200 million, and a large part of that out of trade.

The Hon. J. H. JOBLING: My colleague reminds me of the Integral loss, which is up to $200 million, most of which is trading. And that is the bit we know about. Clearly, there are other bits that we do not know about. The Victorians put an interesting thought into the market: they pointed to the New South Wales producers and said that they effectively withdrew from the market some months ago. Of course, they closed down and reduced their generation capacity, thus reducing their surplus load. As a result, the three Victorian base load producers realised that there had been a fundamental shift. Did the New South Wales companies—it appears that they did—withdraw from the market, relating to the New South Wales Government's response to the Pacific Power debacle and the huge loss on hedge contracts it entered into with the Victorian distributor and retailer PowerCorp?

New South Wales Treasury is reported to have sent an option paper to the industry participants about three to six months ago, which made it clear that its preferred future model for the industry was one in which it managed their forward contract position as well as their relationship with New South Wales retailers. I would like to see that particular paper. It has been kept very quiet; it is alleged to have been marked "draft" and "confidential". However, everybody in the industry knows about it and, to say the least, the dogs are barking. Does this account for the New South Wales producers pulling back from the market? One has to worry. If New South Wales Treasury were to actively manage the State's overall forward contract positions, quite frankly that would be akin to reaggregating the New South Wales industry and fundamentally altering—perhaps even undermining—the basis on which the national market operated. Instead of there being six base load generators in the Victorian and New South Wales markets competing on the basis of risks and opportunities, effectively there would be four.

The Hon. M. R. Egan: You were arguing a little time ago that we should reaggregate. You change your tune from day to day, week to week, month to month.

The Hon. J. H. JOBLING: When the Minister sticks to his script he has a chance of being accurate; when he interjects across the table he is always interesting, but he is usually wrong. As usual, he is wrong now.

One must therefore ask: What is the New South Wales Treasury up to? This is where it gets interesting. The Electricity Tariff Equalisation Fund is supposed to be a mechanism that manages the wholesale purchase risk borne by the standard retailers.

The Hon. M. R. Egan: Find out what Treasury is up to.

The Hon. Dr B. P. V. Pezzutti: Take your tablets.

The Hon. M. R. Egan: Have you got one you can lend me? Have you got one of your little green ones?

The Hon. J. H. JOBLING: We have reached the usual shame where it is time to borrow the green pills for the Minister to enable him to sit down and relax. He will not be in good form this evening and he will not be a happy chappy if this continues. As I was saying, the fund is supposed to be a mechanism to manage the wholesale purchase risk borne by the standard retailers subject to competition in the wholesale market of retail electricity obtained in that market at regulated tariffs to small customers. This is a considerable problem and we must examine that situation, as there will be other problems associated with that. The regulated tariff to be set by the Independent Pricing and Regulatory Tribunal is supposed to be set, reviewed and examined regularly, and updated correctly. If that is so, do we need the Electricity Tariff Equalisation Fund? I do not know precisely why we need the fund, and the more I look at it the more I wonder.

My colleague the Deputy Leader of the Opposition asked: What if IPART were to set the retail tariff too low? Of course, no-one who is eligible to be a small retail customer will switch from the regulated tariff to a negotiated tariff. The question, quite rightly asked by my colleague, remains unanswered. The Government needs to address that question in detail, rather than duck it. The generators and retailers may be required to make payments to the fund and, presumably, if somebody makes too much money the Government will start to move things around. This aspect in the Minister's second reading speech makes interesting reading. The speech was incorporated. When one revists the speech one sees that the proposed arrangement included in the bill operates "by compensating standard retail suppliers"—that is, the suppliers who are obliged to offer regulated tariffs to customers who wished to be supplied at regulated tariffs for the cost of buying power from the wholesale market. The Minister continued:

> If the retailer's wholesale electricity costs are lower than the amount paid by regulated customers, as it will inevitably be at certain times, the retailer will be obliged to pay these surplus funds into the Electricity Tariff Equalisation Fund.

The Government has snaffled any extra profit quickly out of that. The Minister continued:

> The fund will then be used to compensate retailers for times when the wholesale costs exceed the amount paid by customers on regulated tariffs.

One could be forgiven for suggesting that this has the potential to be a hollow log that sooner or later, when it has enough money in it, will be raided by the Government to liberate additional funds. What a dreadful thought! Like other honourable members, I would be concerned about that.

The Hon. Dr A. Chesterfield-Evans: Where has the Treasurer gone?

The Hon. J. H. JOBLING: He has gone to check the size of his hollow log to see what he can get out of it. The Minister's second reading speech continued:

> In the event there is a sustained rise in pool prices and there is insufficient money in the fund—

honourable members should remember what happened when the Victorian generators broke down and the price was something like $5,000 a megawatt—

> the New South Wales Government-owned generators will be required to top up the fund to the extent that they have benefited from the high wholesale prices that caused the funds to dry up.

In theory that sounds good but in practice there are potential problems. The Government could charge it to the consumers and siphon it off as it goes by. The Minister then suggested:

> This arrangement ensures that the retailers will always be in a position to economically provide electricity to customers at the regulated tariff and at the same time earn a regulated return.

If that does not sound like governmental control, I do not know what is. One has to ponder some of these things and ask some questions about them. Is the Government going to deal with the potential financial risk to the

taxpayers, as was spelt out by my colleague the Deputy Leader of the Opposition, as the Electricity Tariff Equalisation Fund [ETEF] rises and, if so, how? In view of what the Minister said in his second reading speech and the questions we have raised, the Minister should give a clear explanation in his reply of how this will happen. Without the ETEF looking after small customers on regulated or controlled tariffs, surely there should be a better option. My colleague suggested that that should go out to private enterprise or that tenders should be invited, rather than franchises being imposed onto the customers. It has been suggested to me that the contents of the bill are padding and add obfuscation to the ETEF proposal. It has also been suggested to me that much of the bill exists under the National Electrical and Communication Association code. I ask the Minister to confirm or deny those allegations.

The only other matter I would like to raise is in two parts. What is going to happen if we go to separate metering? From what I recall from my several years with the industry, meters have always been available. The problem is that a meter that can deal with the problem is fearsomely expensive. One is not dealing with one or two meters, because when one has full contestability every retail consumer on a domestic tariff is entitled to exercise his or her right to change. Therefore, between three million and four million customers are entitled to have, and need to have, a meter installed at their properties; the existing meters need to be changed. That will cost in the vicinity of $2 billion. Who is going to pay for that? Methinks, from past practice, that the customer will be slugged again. Equally, if by some incredible means the current meters are not able to be used for this purpose, we will have to have a load profiling scheme to deal with it. As I understand it, that will leave the system in conflict with the national electricity market rules. I ask the Minister: How is that going to be dealt with?

The Hon. D. J. Gay: Will there be profiling or not?

The Hon. J. H. JOBLING: I do not know. The Deputy Leader of the Opposition rightly raises that question—and nothing in the Minister's second reading speech or in the bill gives any indication that it will happen. It appears to be in conflict with the national electricity marketing rules. That leaves the Government in an interesting position—is it prepared to spend up to $2 billion or is it prepared to breach those orders? What will happen to the customers from hell, the customers nobody wants, the customers that enter into small commercial businesses, or domestic customers who have a bad record? They exist. If economic times are difficult or if the liquidity of the business is rather tight, who will ensure that those customers are looked after? How will community service orders be put in place? Will the various suppliers have an opportunity to say that they do not want them or will they be inflicted on them? How will the Independent Pricing and Regulatory Tribunal deal with the loss factors that will come from these areas?

None of these issues appear to be covered in any way, shape or form. The fact that they are not covered leaves us with an interesting question as to how they will take place. How the market implementation group will deal with this will be interesting. The funding issue leaves us with some interesting probabilities. What will happen if they run out of money? As my colleague the Deputy Leader of the Opposition pointed out, the bulk of the bill is good. I am pleased to support him and the bill, but some of the mechanisms that are supposed to be set in place to stringently protect consumers have not been spelt out. We are left with large question marks. I have a great fear that the only way we will resolve the situation is by getting into trouble and attempting to sort it out retrospectively, which is not a particularly good way of going about it. While I commend the Government for bringing in full contestability to domestic and low consuming customers, I request most strongly that it resolves those unanswered questions so that people using the power and paying the bills know the answers.

The Hon. R. S. L. JONES [2.58 p.m.]: This bill amends the Electricity Supply Act to give all customers the right to choose their retailer. The bill categorises small retail customers so they can be covered by customer protection that ensures that anybody who owns or occupies premises can apply for the supply of electricity. It empowers the Independent Pricing and Regulatory Tribunal [IPART] to set regulated retail prices for small retail customers who desire them and establishes an Electricity Tariff Equalisation Fund to manage the financial risks of retailers who are required to supply customers at regulated prices. The bill empowers IPART to regulate the capital costs of new customer connections and ensures that all small retail customers have free access to an ombudsman scheme, minimum standards and appropriate privacy. The bill establishes a scheme to regulate the behaviour of electricity marketers and the market rules necessary to allow customers to switch retailers, and clarifies the responsibilities and powers of network and retail service providers to implement IPART's recommendations.

The Public Interest Advocacy Centre and I are concerned to ensure that the distinction between small retail customers and other customers is more clearly drawn; that customer classes can be categorised by

regulation so that residential customers cannot be divided by factors such as income, consumption pattern or credit history; that the Minister is given adequate guidance in the publishing of reports from the Independent Pricing and Regulatory Tribunal in relation to price regulation; that both distribution network service providers and standard retail suppliers are given adequate guidance on how the customer councils should operate; that the distribution network service providers and standards retail suppliers are required to consult their customer councils on the submissions they put to regulatory bodies; and that the Energy and Water Ombudsman has the power to force caravan park and boarding house owners to comply with decisions made by the ombudsman.

The intent of new section 37 is to enable retail suppliers to refuse to enter into contracts with large, non-residential users. The bill contains the qualifications to the obligation to supply that are contained in the current Act. New section 37 also provides to standard and other retail suppliers the opportunity to decline to supply electricity to any customer. The stipulation is made that this does not affect any obligation to supply customers under new section 33A. However, things would be made much clearer if the bill were to provide that retail suppliers are not required to supply electricity to any customer other than a small retail customer.

New section 39 (3) provides that standard retail suppliers—that is, the recast retail arms of public distribution businesses—can prepare different standard form contracts for different classes of small retail customers. The intent of this provision is to enable a better differentiation of the supply and business needs of, for example, small business operators, as distinct from householders. However, the current wording of new section 39 (3) might lead to a situation in which residential customers increasingly are dealt with by retailers according to factors such as income, consumption pattern or credit history. Provision should therefore be made for regulations to establish the categories of customer classes so that residential customers, as a class, could be made indivisible.

Under new section 40, while a single default contract devised to apply to all residential customers throughout New South Wales would provide an improvement to horizontal equity for residential consumers, the proposed new Act would provide stronger protection for consumers if it were to specify that the regulations will establish the standard form supply contract offered by standard retail suppliers.

New section 43ED (2) provides that the Minister, in publishing a report from the tribunal related to price regulation, may withhold confidential information. In the interests of transparency and consistency of decision making, it is appropriate that the Act provide more detailed guidelines to the Minister, such as those set out in section 22A (2) (a) of the Independent Pricing and Regulatory Tribunal Act. The Minister should not be required to release any report, or part of a report, unless the Minister is satisfied that making a report, or part of a report, available could not reasonably be expected to damage the commercial interests of the State or of any other person. To maintain consistency with other obligations imposed on the tribunal, similar guidelines should also be provided in new section 43EG.

The bill provides an opportunity to greatly enhance the operation of customer consultative groups in the electricity industry. At the same time, the conditions governing these groups in the electricity industry can be given a greater degree of consistency with those applying to, for example, the Sydney Water Corporation through its operating licence. Both distribution network service providers and standard retail suppliers should therefore be given adequate guidance on how their customer councils should operate, and should be required to consult their customer councils on the submissions they put to regulatory bodies.

New section 96B refers to the Electricity Industry Ombudsman Scheme. Its provisions empower the industry ombudsman to intervene in and resolve disputes between retail agents such as operators of caravan parks and their residents. The Act makes it clear that retailers are bound by decisions of the ombudsman. In the case of park operators, however, it is proposed that the ombudsman only be empowered to deal with disputes. It would be unsatisfactory for an interpretation to arise that licensed retailers are required to enforce an ombudsman's rulings by proxy as members of the scheme who have a contractual relationship with the park operator. The ombudsman should therefore be empowered to make determinations or rulings in respect of a dispute involving a small retail customer and any marketer as defined in new section 63F.

I had intended to move amendments in Committee that would have: made it clear that retail suppliers are not required to supply electricity to any customer other than a small retail customer; provided stronger protection to consumers by specifying that a standard form customer supply contract must be in the form prescribed by the regulations; ensured that the Minister would not be required to release information that could reasonably be expected to damage the commercial or other interest of the State or the person who gave the information to the tribunal or any other person; provided detailed guidance to both distribution network service

providers and standard retail suppliers as to how their customer councils should operate; ensured that distribution network service providers and standard retail suppliers would have to consult their customer councils on the submissions they put to regulatory bodies; and provided the Energy and Water Ombudsman with enforcement powers over an electricity marketer and, in particular, with powers to force caravan park owners and boarding house owners to comply with a decision made by the ombudsman.

However, I will not move the amendments. The Minister has agreed to address through the regulations the issues that I and the Public Interest Advocacy Centre have raised. I understand that the Minister will announce in his reply that the regulations will deal with the role of customer groups, the selection criteria for members and the appointment of chairpersons; require retailers to provide copies of all publicly available submissions directly to consumer consultative groups; require electricity marketers to comply with decisions of the electricity ombudsman by making failure to comply an offence; and require all licensed retail suppliers and distribution network service providers to comply with decisions of the electricity ombudsman through a condition on their licences.

I should like to thank the Minister and his staff for their willingness to meet with my office and representatives of the Public Interest Advocacy Centre to discuss these issues and put forward a proposal that will ensure that they will be adequately addressed in the very near future. I hope we are able to deal with all future legislative proposals put forward by the Minister in the same spirit of co-operation.

The Hon. Dr P. WONG [3.06 p.m.]: I support the thrust of the Electricity Supply Amendment Bill. It may well be that savings will flow to consumers from their being able to choose their electricity retailer. However, there must still be strong consumer protection provisions under a system of full retail contestability. I believe that the Electricity Tariff Equalisation Fund is intended to be used only for purposes of market equalisation, through the levy and the return of money to publicly owned retailers. However, on my reading of new section 43EO, which refers to rules for payments to and from the fund, through regulation by the Treasurer the fund can be used for virtually any purpose, including the transfer of money from the fund to consolidated revenue. I believe that the bill should spell out specifically what the fund is to be used for. I believe also that proper accountability procedures should be put in place for determining how the fund is to be used, otherwise, in the future the fund could be raided by a Treasurer who needs some spare cash. I will consider amendments that I believe will be moved to address these and related issues.

The Hon. Dr A. CHESTERFIELD-EVANS [3.07 p.m.]: On behalf of the Australian Democrats I speak to the Electricity Supply Amendment Bill. The full retail contestability bill may be the end of the national electricity market as we know it. The bill provides enormous discretion to the Treasurer but does not clearly state the manner in which that discretion is to be used. The upward distortions from the retail market to the wholesale market potentially introduced under this bill could destroy the operation of the wholesale national electricity market and lead to an arms race between the States at the retail market level.

Historically, the national electricity market has been good for consumers by enabling competition to drive down prices. More important than immediately providing lower prices, it has placed a commercial discipline upon the investments made by utilities operating in the wholesale market operated by the National Electricity Market Management Company. Prior to this reform process, public utilities spent billions of dollars building power stations that were not needed, as they could simply pass on the costs to consumers. At one stage New South Wales had billions of dollars in underused power stations and a generation overcapacity of 73 per cent above peak load demands. The legacy of this enormous misinvestment remains as an excess of capacity in coal-burning power stations in New South Wales, and this remains a problem in terms of the operation of the national electricity market and the achievement of energy-related greenhouse emission reductions nationally.

The bill represents one of the final steps in the introduction of competitive electricity markets: the extension of competition to the supply of small retail customers—that is, customers who buy their power from electricity retail companies such as EnergyAustralia, NorthPower, Integral Energy, Advance Energy, Great Southern Energy and Australian Inland Energy. As such it is a highly significant bill that will touch the lives of every New South Wales citizen.

The Australian Democrats believe that in some respects the Government has done a good job preparing this bill. Some aspects of consumer protection have been given a good deal of consideration, and we commend the Government for that. We acknowledge that in a market system, where community service obligations are difficult to enforce uniformly, there is a need for a fund to support retailers that have customers who are uneconomic. However, we are very concerned about the construction and discretionary nature of the fund.

The Australian Democrats have the following broad concerns about the bill. Our first concern is the Electricity Tariff Equalisation Fund, which is created to financially support retailers with default tariff customers. The default tariff is to be regulated by the Independent Pricing and Regulatory Tribunal [IPART], and anyone who does not enter the retail market will end up on that tariff. Clearly, for there to be an incentive for people to enter the retail market the default tariff price will have to be higher than that generally available in the market; otherwise no-one would be bothered changing retailers. Clearly, some form of compensation fund is then required to prevent retailers who carry high proportions of default tariff customers from being squeezed out of the market, particularly if wholesale market prices move higher, requiring them to purchase expensive electricity from the wholesale spot market to resell on a fixed tariff in the retail market. However, the discretionary nature of the operation of the Electricity Tariff Equalisation Fund represents the most dangerous and distortionary aspects of the bill.

The bill is essentially a piece of enabling legislation with all the details to be provided in regulations that are yet unseen. From what can be seen, the fund is poorly designed in terms of funding sources and may present substantial financial risks to the State of New South Wales. Further, depending on the relativity between the competitive retail market price and the default tariff, the fund may represent a cross-subsidy from the poorer sections of society to the rest. The extent to which that will occur depends on the exact regulated nature of the operation of the fund, on which no detail has been supplied. This fund, as currently formulated, has real possibilities to destroy the national electricity market, otherwise known as the wholesale market. The operation of the fund is in essence a form of investing contract but one in which all details are determined behind closed doors at ministerial discretion. There are no volume restrictions. In fact, the fund as described in the bill is not related in any way to either the volume of electricity sold under default tariffs or to the resulting financial flows. Money may be clawed out of retailers and/or the public generators at the Treasurer's discretion, and it may then be redistributed to other generators or retailers for use in any manner, including anticompetitive cross-subsidisation.

The potential extraction of public funds from public generators—when it is difficult to see how the Government intends to extract funds from the private sector generators under a State Act without breaching freedom of interstate trade provisions—will place those generation utilities at a financial disadvantage in the national electricity market. It seems unreasonable to use the public generation companies in New South Wales as a treasure chest to be raided at will. The Minister suggested in his second reading speech that it was appropriate to use the generation companies in this manner since they will be the beneficiaries of higher market prices. This equation will work only if New South Wales generators are involved in the national electricity market. But of course this is not the case: the New South Wales public generators have captured only a fraction—and a declining fraction over time—of any benefits of higher prices. The Minister is clearly being disingenuous in his comments.

There is also the matter of a meaningless sunset clause—proposed section 43ES. The fund will end on 30 June 2004, unless of course it is decided to end it before or after. The distortionary and anticompetitive aspects of the vesting contracts were acknowledged by the Minister in his second reading speech. It is because of the distortionary effects that the Australian Competition and Consumer Commission [ACCC] has acknowledged that it will not authorise any further vesting contracts. What the Minister did not acknowledge is that the proposed equalisation fund is potentially even more anticompetitive, and one probably beyond the scope of the ACCC to review. The discretionary nature of the fund operations represents a considerable source of risk to new entrant retailers. What retailer would enter a market in which a substantial part of the industry turnover is subject to fiat by the Treasurer? The fact that the operation of the fund is not even tied to the volume of energy supplied under the default tariff means that it can be set at any level. This risk may well prevent the entry of new retailers and hence mean that the fund is being anticompetitive in effect.

As previously mentioned, the fund will probably act as a cross-subsidy from the most needy persons to the rest of the market. This is because the default tariff will be generally set above the market rate; otherwise everyone would remain on the default rate, and those who remain on the default tariff would therefore generally be the less financially attractive consumers who would otherwise have no choice to leave it. Thus, in general, the default level customers will be paying higher prices than the market average despite their being generally more disadvantaged. We acknowledge the need to provide some form of support mechanism in the event that the wholesale market moves against the retailers carrying default tariff customers. Firstly, instead of funding the support fund from retailers' and generators' contributions determined by ministerial discretion the equalisation fund should be funded from a support charge levied on all customers, which is more amicable and less distortionary than the present mechanism. Secondly, the level of support charges should be determined by IPART and not by the Treasurer. This is particularly appropriate because IPART is also setting the default tariff and, therefore, should be given both sides of the equation. Thirdly, the financial flows to the fund should be clearly tied to the volume of energy sold under the default tariff.

Recognising that low income and other unattractive customers may suffer particular disadvantage under the competitive market, we also propose that the mandate for the fund should be broadened to allow money from the equalisation fund to be used for electricity-related support of low-income consumers, the promotion of energy efficiency for disadvantaged groups, and other similar electricity-related public benefit for the potential losers from the move to competition. Such an amendment would simply allow the funds to be used for such purposes. It would be up to the Government to produce regulations and the budget to do this if it wishes. Accordingly, I will move amendments to deal with our concerns about the operation of the Electricity Tariff Equalisation Fund. I refer to Australian Democrats amendments Nos 9, 10, 11 and 12.

The first effect of the amendments will be to clearly state that the objective of the Electricity Tariff Equalisation Fund is limited to maintaining the viability of retailers carrying default tariff customers, funding any electricity-related public benefit activities as approved by the regulations, and seeking to be as transparent and non-distortionary in its operations as possible. The second effect would be to broaden the funding base for the Electricity Tariff Equalisation Fund. The Democrats propose to do this by having a support charge levied on all customers in the form of a charge of a number of cents per kilowatt hour, the level of which should be determined by IPART. Having IPART set the rate is particularly important since it is IPART that determines the level of default tariff, and it is reasonable to give IPART control over both sides of the equation. Specifically, in determining the level of income to the fund, IPART is required by the amendment to consider the volume of energy sold under the default tariffs and the objectives of the fund.

Our second concern is the provision of clear information to customers. We are concerned about the interaction between the retailer and the customer. The lack of separate distribution network service provider [DNSP] supply contracts is to be highlighted. The entire cost to the end user is likely to be subsumed in a single contract between a retailer and an end consumer. This is very bad for electricity planning purposes since around 40 per cent of the end user price of energy is attributable to the cost of the electricity distribution network and another 10 per cent to the transmission network. DNSPs should be required to enter into a separate contract with the end user for the network service and the DNSP cost component should be clearly separated on the bill sent to the customer by the retailer. There is no problem having a single point of contact and a single bill in practice; however, in a legal sense two contracts and their costs should be made clearly separate. This will ensure that the DNSPs have a direct contract with the consumers and are in a position to undertake innovation and apply cost-reflective network pricing, which would otherwise be buried into the retail bill. Burying such material into a single contract will lead to poor planning decisions. The Australian Democrats have proposed amendments No. 1 and No. 7 to address this issue.

The third concern of the Australian Democrats is the effect on distributed renewable energy generation. One of the difficulties with renewable energy generation is that on a small scale the times of generation may not match the peak times of use. Consider a photovoltaic panel, that is to say, a solar panel, installed on a residential building. It generates its peak output during the day when the residential load is small and the industrial and commercial loads are high. Conversely, the residential load is typically high in the evening or at night when the panel will have little or no output. A number of New South Wales retailers, including, for example, EnergyAustralia, currently offer to purchase excess generation from customers who have home renewable energy systems and then charge them for the net energy they have consumed. EnergyAustralia is to be commended for doing this. It will be most important for this scheme to continue in the future, both for the viability of the system that is already installed and for future systems. The Australian Democrats amendment attempts to ensure that this system will continue.

Australian Democrats amendment No. 8 requires that retailers purchase any electricity energy generated by renewable power at the customer's premises at a buyback rate to be determined by the Independent Pricing and Regulatory Tribunal [IPART]. If the retailers need to meet a renewable energy target, they may choose to pay more than the IPART rate. This form of buyback provision is currently used in a number of European jurisdictions. If retailers are not required to buy back from small consumers, there will be a race to the bottom for a supply to consumers with rooftop photovoltaic or other small-scale generation units, and this will have devastating consequences for New South Wales greenhouse controls and energy sustainability performance. It will lead to the waste of good money spent by the Sustainable Energy Development Authority [SEDA] and the Australian Greenhouse Office in subsidising the installation of such systems.

Our fourth concern is the impact of this legislation on the greenhouse effect. The Australian Democrats will introduce an amendment that was previously proposed by the Hon. I. Cohen to impose a greenhouse penalty of $10 a tonne of CO^2 equipment on retailers that fail to meet their greenhouse gas reduction strategy requirements under the 1995 Electricity Supply Act. To date, most retailers have not complied with their

licensing conditions with respect to greenhouse reduction strategy requirements. Currently, the only available penalty has been the revocation of their licence—which is obviously draconian, hence not realistic. This amendment proposes a market-based penalty. It will be particularly important as we move toward full retail contestability to place appropriate incentives to encourage retailers to meet their existing greenhouse gas strategy requirements.

In conclusion, the Australian Democrats' concern over the lack of interjurisdictional harmonisation is that this bill will fundamentally alter the dynamics of the retail market and may, through the operation of the equalisation fund—which has been defined under the currently unseen regulation—remove or limit the need for retailers to have forward contracts with generators. Without the liquid operation of forward markets, the inherent operation of the wholesale national electricity market [NEM] will be affected badly as a result of increased volatility and reduced access to non-incumbent players. There are strong market rumours that, to some extent, this is already occurring and the generators have been exiting the forward market.

Other States will develop counterbalancing policies. It will be an arms race that will be completely contrary to the long-term national interest. This will discourage external and new retailers from entering the New South Wales market, which will be perceived as a high risk, and from facing a financial cabal of New South Wales public sector utilities subsidising the poorer members of the community. It is imperative and in the long-term national interest that retail markets are harmonised between all States in a national electricity market. There is currently no mechanism for doing that or for having an ongoing review of the operation of retail markets. In the wholesale markets, that function is performed by the National Electricity Code Administrator [NECA], which acts as a statutory corporation that is owned by the jurisdictions. It has an ongoing review of the operation of wholesale markets and develops code-changing proposals across all jurisdictions.

There is no equivalent administrator for retail markets and that is a great shame. We should have an agreed NEM process for the development of retail markets—an equivalent of NECA at the retail level. The benefits of retail market competition will be limited if every jurisdiction implements different methods. The Australian Democrats call on the New South Wales Government to approach the other jurisdictions with the aim of setting up a national electricity marketwide retail market development manager—a group that should be given the responsibility of monitoring the operations of the market and proposed market design improvements, with the aim of providing harmonisation of the market rules across all jurisdictions.

The Hon. Dr B. P. V. PEZZUTTI [3.25 p.m.]: I am very pleased that the Treasurer, who is the shareholding Minister for most of these operations, is in the Chamber. I want him to understand the background of this bill. While we are concentrating on how to divvy up the spoils and deciding on how people are levied or not levied, it is worthwhile noting that the history of the setting up of these operations was the greatest socialising grab for money ever seen in this State since the Neville Wran grab of the coal rights. The Treasurer, Michael Egan, socialised and grabbed all the community's assets—Peel Electricity, Northern Rivers Electricity [NRE], et cetera—to make them into NorthPower.

The Treasurer then alone appointed the NorthPower chief executive officers [CEOs] and the boards to manage the new entity. All the operations at NorthPower are entirely related to the Minister at the table, the Treasurer. The Minister for Information Technology, Minister for Energy, Minister for Forestry, and Minister for Western Sydney, Mr Yeadon, looks after the consumers and the customers, so to speak—or at least that is what he stated during his reply to debate at the second reading stage of the bill in the other place. The organisations to which I have referred were loaded up with Treasury's debts. The Treasurer loaded NorthPower with $150 million in debt to make it, as he said, "commercial". The Treasurer then required that the new entity pay him a dividend as well as service the statewide debts.

The Hon. M. R. Egan: I don't spend it on going on holidays, you know. It is spent on roads and the provision of community services.

The Hon. Dr B. P. V. PEZZUTTI: The Treasurer should wait a minute. When my friend in Lismore, Dr Nardi, saw this happening, he told me that it was going to be a disaster. He said that although NorthPower had just about got the power poles right, it had to service massive debts and pay a dividend to Treasurer Egan that it had never had to pay before, and the power would suddenly go off. So my friend bought himself a generator for his home.

The Hon. M. R. Egan: Oh, seriously.

The Hon. Dr B. P. V. PEZZUTTI: If the Treasurer will be patient, I will tell him what happened. The Treasurer should read the outstanding contribution that was made by the honourable member for Lismore to the second reading debate on this bill in the lower House.

The Hon. M. R. Egan: Socialist Left?

The Hon. Dr B. P. V. PEZZUTTI: He is the honourable member for Lismore. He is not a member of the Socialist Left. He is a member of the National Party, and a very good one. Following the socialisation, the grab for money and the offloading of debt to electricity enterprises, the CEO then went ahead with a huge wholesale sacking of staff and closed down overnight the entire office of 245 members of staff in Grafton alone—just one NRE office. The CEO then moved the office to where he preferred to live, namely, a brand new building at Port Macquarie. The Deputy-President, the Hon. A. B. Kelly, would have been present during evidence given before the Standing Committee on State Development and would know that the CEO, Mr Parkinson, was holding negotiations with the Lake Macquarie council about moving the headquarters of NorthPower to Lake Macquarie on the understanding that the council would support him in extending his sphere of operation south of Newcastle and towards the Central Coast.

The Hon. M. R. Egan: But that is not going to happen.

The Hon. Dr B. P. V. PEZZUTTI: I know that it is not going to happen because when I exposed this scheme on the North Coast all hell broke loose and Mr Parkinson had to crawl back into his hole. However, if the Treasurer thinks that it is not going to happen, why have Mr Parkinson and the Treasurer's board gone to the trouble of buying the naming rights for a large football stadium on the Central Coast?

The Hon. M. R. Egan: Because they will be competitive retailers across the length and breadth of Australia.

The Hon. Dr B. P. V. PEZZUTTI: The Treasurer should wait. Instead of NorthPower spending money in Lismore, Tamworth, Port Macquarie, Kempsey and Armidale trying to assist local sports, what is Mr Parkinson doing? With this huge amount of money, an amount that includes $12 million from the State Government and $12 million from the Federal Government, he has built a huge stadium on the Central Coast. I am sure the wonderful people who live on the Central Coast deserve it—

The Hon. M. R. Egan: You are opposed to it, aren't you! You don't want them to have a stadium.

The Hon. Dr B. P. V. PEZZUTTI: Why would NorthPower be buying naming rights in an area in which it has no distribution rights? What an interesting concept!

The Hon. M. R. Egan: We have got retail rights there now.

The Hon. Dr B. P. V. PEZZUTTI: Only on contestable energy. I will come to that. I now refer to access charges. In their speeches, Don Page, Thomas George and Stoner from Kempsey, made very strong points.

The Hon. M. R. Egan: Is that Mr or Mrs?

The Hon. Dr B. P. V. PEZZUTTI: Andrew Stoner, the National Party member for Oxley, which has Kempsey as its base.

The Hon. M. R. Egan: I know where Oxley is. I have never heard of Stoner.

The Hon. Dr B. P. V. PEZZUTTI: Andrew Stoner?

The Hon. M. R. Egan: Never heard of him.

The Hon. Dr B. P. V. PEZZUTTI: The Treasurer should read his speech; it is very good.

The Hon. M. R. Egan: Is he a Liberal or a Nat?

The Hon. Dr B. P. V. PEZZUTTI: A National.

The Hon. D. J. Gay: He saw you the other day and wondered who you were.

The Hon. M. R. Egan: I keep a low profile.

The Hon. Dr B. P. V. PEZZUTTI: If he knew that you were responsible he would come to see you and ask you questions. As to the access charge—or the no access charge, as people on the North Coast call it—people get less access than they used to. The Hon. Dr A. Chesterfield-Evans used the word "disingenuous" in his speech. I use the same word to describe the answer provided by the Special Minister of State in this House on 14 November about access charges. The Special Minister of State, referring to the new pricing system, where the access fee was teased out from the general charge, said:

> Both premises are provided with a safe and reliable electricity supply …

NorthPower is so bad that the Minister for Energy has ordered an inquiry into its provision of services. That inquiry, which is being held right now, is supported by all members on the North Coast and, I am sure, strongly supported by the Hon. Janelle Saffin.

The Hon. D. J. Gay: That is not the only inquiry. The Auditor-General is undertaking a full inquiry.

The Hon. Dr B. P. V. PEZZUTTI: Of course he would. NorthPower was enthusiastically welcomed by the Treasurer, despite the fact that it did not pay a dividend last year.

The Hon. M. R. Egan: That is a lie.

The Hon. Dr B. P. V. PEZZUTTI: What was the dividend?

The Hon. M. R. Egan: I forget, but it certainly paid a dividend.

The Hon. Dr B. P. V. PEZZUTTI: NorthPower did not meet the dividend that the Treasurer asked for.

The Hon. M. R. Egan: I think it did.

The Hon. Dr B. P. V. PEZZUTTI: No, it did not, nor the year before. Which chief executive officer receives the highest bonus for the year? No access, lower dividend than expected, more sackings, and he gets the highest bonus. As the Treasurer appoints the board and the chief executive officer, he is personally responsible for all of this.

The Hon. D. J. Gay: I do not think he is the highest paid.

The Hon. Dr B. P. V. PEZZUTTI: We have now discovered one who is paid a higher bonus.

The Hon. D. J. Gay: We do not know yet.

The Hon. Dr B. P. V. PEZZUTTI: We are not quite sure, but we think we have found another one, again buried in this electricity issue. He is up to his neck in electricity. The access charge issue is interesting. I received a letter from a consumer in Lismore who said that with the access fee now being charged every two months he received a bill for $40, of which $30 was for access and $10 for electricity use. That situation is becoming common. NorthPower changed the access fee from a three-monthly charge to a two-monthly charge so that it gets two grabs. The charge did not drop, it stayed the same. Forget the inquiry by the Independent Pricing and Regulatory Tribunal [IPART]. The access charge, which is now a two-monthly charge instead of a three-monthly charge, increased by 33 per cent overnight. It is a joke!

Any inquiry into NorthPower will find that the power supply is less reliable and more expensive. The position of the people on the Tweed has been raised with the Treasurer many times. The Treasurer is well aware that those people do not get the benefit of cheaper electricity from Queensland because Mr Beattie denies them access to it. Only now, quite slowly, is NorthPower getting the network up there, along the railway line. When it is complete, is the Treasurer confident that the people of the Tweed will get access to the contestability they deserve or will they be charged extra to pay for the new lines? As a member for the North Coast I am concerned about these matters, particularly the access charge.

In the past, access was not charged on community halls, sporting facilities and the like. Now access charges grossly exceed usage for lighting on sports fields, community tennis courts and small halls. Church halls are now billed. That did not occur previously. The situation is short of outrageous. I have heard it said that the company is part of the community. The NorthPower public relations officer does an excellent job. I can most

assuredly state that he is an outstanding individual. He openly answers questions and provides a communication flow to both members of Parliament and the community. However, the answers he gives are highly unsatisfactory because there are no good answers he can give. At least he is honest, direct, approachable and open. Outrageously, we are now toying with a process to manage these charges. I am concerned that the Government grabs these assets, which belonged to the local people, plans to charge them double—because they already owned it—asks them to pay off statewide debts, and rips out dividends in a most unreasonable way.

The Hon. D. J. Gay: And loads them up with more debt. The Government took it away, loaded them up with debt, and there is more to come for the generators.

The Hon. Dr B. P. V. PEZZUTTI: That will be reflected. If the Government were straightforward and honest, it would set up a similar regime to that introduced by the Federal Government for Telstra. There is a commitment to standards, and penalties are imposed if the company does not meet benchmark standards or if outages extend beyond a certain time. This Government should introduce the same type of regulatory arrangement that the Federal Government put in place prior to the complete sale of Telstra.

The Hon. M. R. Egan: Are you supporting the complete sale of Telstra?

The Hon. Dr B. P. V. PEZZUTTI: Absolutely.

The Hon. M. R. Egan: Are you telling that to the people in Lismore?

The Hon. Dr B. P. V. PEZZUTTI: I am. I support the sale only after Telstra has reached certain benchmarks. The benchmarks should be publicly discussed, and fines and penalties imposed on the provider if it breaks down and is unable to provide a service. That is what should occur in this case. If that happened now, North Power would be bankrupt overnight. If NorthPower had to pay fines for outages extending beyond a certain length of time—as John Howard is providing for Telstra—it would go broke paying fines for outages at Lismore.

The Hon. M. R. Egan: Who would look after the poles and wires?

The Hon. Dr B. P. V. PEZZUTTI: They could be given back to the co-operatives which had them previously, and all the profits reinvested into making the service reliable and safe. Then we would start to see cheaper rates. The Government should not be looking at minutiae on how to manage the process. It should be looking at a process that involves more consumer interest. The Minister for Energy is not doing as well as he could to protect consumers because he has to answer to the senior shareholding Ministers, the Treasurer and the Special Minister of State. Yet the Special Minister of State has the hide to come into this House and explain the NorthPower outages and access charges in the way he has.

Having listened to the contributions by the Deputy Leader of the Opposition and the Hon. J. H. Jobling, I know that this process has whiskers all over it. The Government has fallen for a series of traps. Nothing we do could improve this bill, apart from scrapping it and starting again. More importantly, the Government should set this process up in such a way as to protect consumers. When it goes to full sale, which will occur if the Treasurer and Premier get their way—and I approve of selling the whole lot of them on the open market—the Government should ensure that consumers are protected in the same way that consumers are protected with the sale of assets such as Telstra. I wish the Government all the very best of luck.

Ms LEE RHIANNON [3.41 p.m.]: The Greens support the Electricity Supply Amendment Bill, the main purpose of which is to allow electricity customers to choose their retailer while offering a level of consumer protection to some customers. I congratulate the Government on strengthening the rights of consumers. While the Greens believe that the bill has a number of good features, we will highlight areas in which we believe that amendments are required. I thank the Hon. Dr A. Chesterfield-Evans for the briefing he organised with an industry expert who provided us with some excellent information. We have also drawn on the assistance of Dr John Kaye, who has provided an input into our response to this bill.

Full retail contestability will enable customers to choose their electricity retailer. Many large business users have already taken advantage of contestability. This system will gradually be expanded over time. Householders will be able to take advantage of contestability from 1 January 2002. The major concerns of the Greens in relation to this bill are the electricity tariff equalisation and the need for greenhouse gas emissions to be taken seriously. The Greens are pleased that the bill deals with a more comprehensive electricity market and that the Government is not pushing ahead with the privatisation of the industry. However, a number of areas must be tightened up.

The areas in which we believe changes are required are as follows. A structure must be put in place to assist with the incorporation of renewable energy into standard electricity supply contracts. The Greens argue that the Independent Pricing and Regulatory Tribunal [IPART] must be provided with the power to examine the impact of the determination of a tariff on greenhouse gas emissions and the level of competition in the production of sustainable energy. IPART determinations must be enacted and charges and tariffs must be subject to notification and approval by the tribunal. The *Government Gazette* must also publish the impact that the retail tariffs and regulated retail charges determination will have on greenhouse gas production and on the competitiveness of the renewable energy production industry.

The Government has broad powers in relation to this industry, which are evident in particular in the Electricity Tariff Equalisation Fund. I understand that the amount of money involved in the fund would be at least $100 million a year under current pricing. More price increases in electricity will see that fund increase to many hundreds of millions of dollars. We need proper scrutiny and oversight if such a significant fund is to work properly. The Greens will move a number of amendments in Committee to highlight these concerns. We believe that those amendments will strengthen this bill—a bill which I said earlier the Greens will support.

The Hon. I. COHEN [3.45 p.m.]: I concur with the remarks made by Ms Lee Rhiannon. The Greens support the bill. However, this bill is an attempt by the Government to reconcile social justice with full retail contestability in the provision of electricity. The Greens do not necessarily believe that those two objectives can be reconciled. The impending introduction of full retail contestability [FRC] is the next major step in the process of electricity deregulation. It will enable companies with no record of involvement in the electricity industry to provide energy services. It has been predicted that companies such as Harvey Norman are likely to enter the industry.

As a result of deliberate government policy, the provision of an essential public service is being handed over to the private market. We are told that this is happening to benefit consumers, but that argument is based on a naive belief in the ability of the market to produce social benefits. For example, Nigel Kuzemko, Chief Executive of Pulse Energy, hopes to establish Pulse as a leading energy retailer. Pulse is backed by oil and mining companies Woodside and Shell Australia Ltd. Those companies will now be able to exert their influence on electricity policy.

Those companies are not known for environmental or social responsibility in their business activities. Rather, they have successfully lobbied the Australian Government to adopt a position on climate change which has placed Australia as the top producer of greenhouse gases in the world. We have witnessed the failure of governments to discuss greenhouse gas emission strategies at The Hague. I and other honourable members have referred to Australia's not-to-be-envied role in charging ahead in this area. Nations such as Australia have been given an opportunity to reduce greenhouse gases, which is quite an embarrassment to many people.

Australia's good environmental credentials have taken a serious tumble particularly in the last round of discussions at The Hague. Rather than achieving social benefits, FRC will result in a frenzy of companies trying to establish their brand of electricity. That will be a bonanza for the advertising industry, but it is an unnecessary, unproductive and inefficient way for an essential public service to be delivered. The Greens believe that the proper role of government is to adopt policies which will provide benefits to society as a whole. That requires a particular focus on those who are most disadvantaged.

The Government has not explained how FRC will protect people on low incomes. Even if electricity prices fall, the price changes are likely to benefit larger corporate customers rather than smaller customers. Energy services which are now provided by government-owned corporations with statutory responsibilities to consider the effect of their actions on the environment and society can easily be subjected to unfair competition. The Greens support the bill but we will be watching with interest the development of the electricity industry in this State.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [3.47 p.m.], in reply: I will clarify a few issues that were raised earlier during debate on this bill. Treasury has consulted widely on the details of the proposed consumer protection measures. Those consultations have involved a range of stakeholders such as industry, the Energy and Water Ombudsman and consumer groups, including the Public Interest Advocacy Centre. A number of working groups have been established by Treasury to ensure that all stakeholders can participate in the development of a robust framework. More importantly, the working groups will ensure that all appropriate measures are included in the various codes of conduct and rules and regulations. Furthermore, stakeholder consultation will take place on the details concerning the operation and constitution of customer consultative groups.

The Government intends that the regulations will cover issues such as the role of consumer groups and the selection criteria for members, including the appointment of a chairperson. The regulations will also include a requirement for retailers to provide copies of all publicly available submissions directly to customer consultative groups. I clarify that the regulations will include a requirement for electricity marketers, acting on behalf of licensed retail suppliers, to comply with decisions of the approved Electricity Industry Ombudsman scheme. Compliance with any decision of the ombudsman will be enforced by making it an offence for a person not to comply with the decision of the ombudsman. All licensed retail suppliers and distribution network service providers will be required to comply through a condition on their licences.

The Government also intends to ensure annual reporting of complaints received and dealt with by the ombudsman. The bill will give the Government the power to do this through the regulations. I address some of the issues raised by the Deputy Leader of the Opposition. First, it is not up to the Government to set the regulated price; that is up to the Independent Pricing and Regulatory Tribunal, as the independent regulator. Second, it is not appropriate for shareholding Ministers to make references to IPART to determine those regulated prices. That is clearly the responsibility of a portfolio Minister and it would not be appropriate to have a shareholder involved. The Opposition and industry stakeholders have raised a number of concerns regarding the Electricity Tariff Equalisation Fund [ETEF]. I would like to address those concerns up front.

There appears to be a distinct lack of understanding of the fund. The fund is simply designed to allow regulated prices to be offered to small customers. It does not rely on the Government—and therefore New South Wales taxpayers—to underwrite retailer risks. Under the proposal, if the wholesale electricity costs of retailers are lower than the amount paid by regulated customers, the retailer will be obliged to pay the surpluses into the fund. The money in the fund will then be kept for times when the wholesale cost exceeds the amount paid by customers on regulated tariffs. This means that retailers will always earn the margin regulated by the Independent Pricing and Regulatory Tribunal [IPART]. In the event that there is a sustained rise in pool prices and there is insufficient money in the fund, New South Wales Government-owned generators will be required to top up the fund.

The Hon. D. J. Gay: This is the same speech that was made in the lower House. We have read the speech and we have moved on since then.

The Hon. M. R. EGAN: You obviously were not listening. Clearly, the generators will be able to afford to do this since they will only be paying into the fund when they are making more than a reasonable rate of return. Not only can the generators afford to support the fund in this way, it is appropriate that they do so as the fund can be depleted only if its generators are earning monopoly rents. It should now be clear to the Opposition that the Government is not exposed to market risk and retailer losses in the same way as are other States, such as Queensland. The New South Wales system is totally different to the scheme operating in Queensland.

The Hon. D. J. Gay: You still own the generators and the retailers.

The Hon. M. R. EGAN: That is right, but if the price the retailers are paying to the generators is substantially in excess of the regulated price, the generators are making a profit, which they can then pay to the fund. The New South Wales scheme is totally different to the scheme operating in Queensland.

The Hon. D. J. Gay: It is the same.

The Hon. M. R. EGAN: It is not the same. Our scheme is designed to prevent New South Wales taxpayers from footing the bill. The scheme implemented in Queensland, which the Deputy Leader of the Opposition has referred to, was put in place and was designed by consultants other than those who are advising the New South Wales Government. It was not recommended by either Mr Anderson or Mr Price. The scheme in Queensland exposed the Consolidated Fund to electricity market risks. The ETEF will not expose the Government to this risk. The scheme has been carefully considered and the Government is confident that the scheme will work as intended.

The Opposition has proposed an alternative scheme, although I am not sure of its status. The Deputy Leader of the Opposition referred to a number of alternatives but pointed out that none was a recommendation of the Opposition. One proposal was to contract out the franchise load. What would happen if this process delivered a higher price than that which small customers currently pay? Would the Opposition have the smallest customers pay the highest price for electricity in the community? If the contracted-out model that the Opposition

advocates results in a higher price, as it most certainly will at times, the Government will be exposed financially, just as Queensland is exposed. The model proposed by the Opposition was certainly considered in great detail by the Market Implementation Group. Perhaps the Opposition should read the report of the Market Implementation Group, which has been publicly available for quite some time.

The Hon. D. J. Gay: That was not our favourite one.

The Hon. M. R. EGAN: You could have pointed that out.

The Hon. D. J. Gay: I did.

The Hon. M. R. EGAN: What is your favourite?

The Hon. D. J. Gay: You can go back and read it. You obviously were not listening.

The Hon. J. F. Ryan: You should have been here.

The Hon. M. R. EGAN: I was here.

The Hon. J. F. Ryan: Why didn't you understand it?

The Hon. M. R. EGAN: The Deputy Leader of the Opposition made all sorts of proposals but then added the caveat that they were not Opposition recommendations. I would like to see the Opposition actually recommend an alternative.

The Hon. A. B. Kelly: And have a policy.

The Hon. M. R. EGAN: That is right, and have a policy. The only thing on which the Opposition has a policy is the buyback of poker machine licences. To compensate for the purchase of poker machine licences it would have to find $1,900 million a year. As I said recently, the Opposition would have to either triple land tax or increase payroll tax by almost 60 per cent. That is the Opposition's only policy so far. I have made the offer that if it wants help to formulate policies, we will sit down with the Opposition. Not only will Cabinet help but the Hon. A. B. Kelly and even Country Labor will help, because the Opposition needs some policies for the bush. The Opposition sacked Peter Collins because in four years he had not come up with a policy, but after two years of new leadership there is still no policy.

Three or four bodgie proposals have been put up in this debate but the House has been told that they are not Opposition recommendations. What a funny way to treat the Parliament and taxpayers of New South Wales! I assure the House that small electricity customers in New South Wales will be well and truly protected by the mechanisms that the Government has put in place. They can choose to become contestable customers but if they do not want to be a contestable customer or if they do not like the experience of being a contestable customer, they can opt to return to being a regulated customer. The Government has provided that protection without exposing the taxpayers of New South Wales to risk.

I will be interested to see what happens in other jurisdictions. I am sure that no member would suggest that we follow the recent Queensland experience, but I would certainly be interested to see what happens in Victoria. Because of the conditions of sale of the electricity industry, it was unable to put in place the consumer protection mechanisms that we are able to implement in New South Wales. The extent to which New South Wales consumers are protected, compared to the unprotected status of Victorian small electricity consumers, will become apparent after January 2002. I can assure the Opposition that the Government is not setting up a central body responsible for trading electricity on behalf of New South Wales retailers. The Government would never consider such an option. It has no desire to control the market.

However, it has a desire to offer regulated prices for small customers who want them, without taxpayers footing the bill. The bill provides for the establishment of a ministerial corporation—the Electricity Tariff Ministerial Corporation. That corporation will be responsible for developing and administering the rules governing the operation of the fund. An important aspect of the bill is a restriction on the corporation from participating in the financial operation of the electricity market. The fund does not centralise the State's trading activities. It will not trade electricity and will have no involvement in the operations of the national electricity market.

I understand that a number of Victorian generators have raised certain issues. It should be made clear that the fund does not preclude retailers or generators obliged to comply with the scheme from entering into contracts. Indeed, Victorian generators need only offer customers a price cheaper than the regulated tariff and they, too, can sell as many contracts as they wish. The Government will not set up a situation in which generators earn huge profits at the expense of New South Wales households. The Electricity Tariff Equalisation Fund is a central feature of the Government's package of customer protections. There is simply no other workable, effective option that meets the Government's aims of ensuring a strong consumer protection framework without taxpayers having to wear the risk. I thank all honourable members for their contributions to the debate and commend the bill to the House.

Motion agreed to.

Bill read a second time and committed.

Pursuant to sessional orders progress reported from Committee and leave granted to sit again.

QUESTIONS WITHOUT NOTICE

EMPLOYEE ENTITLEMENTS COMPENSATION SCHEME

The Hon. M. J. GALLACHER: My question is to the Special Minister of State, and Minister for Industrial Relations. In the Minister's five-point plan for unpaid employee entitlements he stated his desire for a "national scheme based on the principle that employees should receive 100 per cent of the entitlements that they have earned". Does the Minister's national scheme concept involve an employer-funded insurance scheme?

The Hon. J. J. DELLA BOSCA: The Leader of the Opposition is aware that the proposed five-point plan contains the option of any number of mechanisms to deliver on an employer-funded scheme. The proposed five-point plan was the basis of considerable discussion at the Ministerial Council meeting, which I attended last Friday. The honourable member's political colleague the Hon. Peter Reith chaired the meeting.

The Hon. M. J. Gallacher: Insurance?

The Hon. J. J. DELLA BOSCA: Obviously it could be an insurance-type model, which finds favour in some circles, but details have to be hammered out. Problems have been identified and I believe they can be overcome. Other options canvassed are an employer-trust type approach and include a range of other options. Minister Reith challenged State Ministers present at the meeting to produce more flesh on alternative propositions. Of course, one has to be prepared to rise to such challenges. In the near future, I expect, along with other colleagues at the Ministerial Council, to provide more detail of the five-point plan in relation to options. As the Leader of the Opposition knows, this a complex matter, one which involves a potentially lengthy public debate about the options. But the principles are clear: It should not be a taxpayer-funded scheme but an employer-funded scheme; it should not be settling for a percentage of entitlements but it should be refunding 100 per cent of entitlements; and it must be a national scheme.

The Hon. M. J. GALLACHER: I ask a supplementary question. Is the Minister aware that the Insurance Council of Australia wrote to the Prime Minister in March advising that it had no certainty that a viable insurance solution could be found? Is the Minister further aware that an insurance company's actuarial calculations indicated that for 830,000 firms in Australia, the cost of such a scheme would be $800 or more per employee per year?

The Hon. J. J. DELLA BOSCA: I am aware in broad terms of that correspondence. Indeed, at the Ministerial Council on Friday we discussed that proposition in some detail. Even Minister Reith expressed the view that the sorts of figures that had been bandied around about the cost of an insurance-based scheme have no certainty attached to them and that other reliable estimates indicate that a successful scheme could be put in place for a range between 60¢ and $2 per employee. That would be a lot cheaper than the proposition canvassed in the correspondence of the Insurance Council of Australia Limited.

DUST DISEASES TREATMENT AND PREVENTION

The Hon. JANELLE SAFFIN: I direct my question without notice to the Special Minister of State. Minister, what measures are being taken to improve the early detection, treatment and prevention of dust diseases?

The Hon. J. J. DELLA BOSCA: New South Wales has a tragic, ongoing problem with occupational-related dust disease, in particular, mesothelioma, which is due to the widespread use of asbestos going back many decades. Australia has one of the highest rates in the world, and New South Wales has the highest number of victims in Australia. Mesothelioma is not a problem confined to the past. Its incidence will not decline in Australia for another 25 years. Honourable members may have read newspaper reports about a landmark case last week in which a woman won a compensation pay out in the civil courts. The woman proved she developed mesothelioma from assisting her father during home renovations many years ago. That case shows the magnitude and potential currency of the problem. On Friday at the Industrial Relations Ministers Council in Melbourne the State Ministers put to the meeting a proposal to phase out the use of chrysotile asbestos, also called white asbestos, by 2003.

The Labor Ministers successfully argued that a five-year phase-out, as originally proposed, simply was not fast enough. But that is not the only measure we are taking. Yesterday, it was my pleasure to launch the Dust Diseases Board's new respiratory health assessment service as part of a major expansion of its premises in the city. The New South Wales Government recognises the fundamental importance of supporting research in the area of dust diseases as well as the most effective ways of preventing them. The new service will begin a surveillance program to ensure that the board compensates people who are suffering from occupational lung diseases and to target industries most responsible for lung diseases. Two organisations have already stepped forward to have their employees screened for dust diseases. The information will assist in the long-term health and well-being of their workers.

The research collected by the service will allow the board to map industries and discover which ones have dust disease problems. Workers, unions and employers will be able to institute control measures in the workplace, which is obviously of great personal benefit to those people whose health problems are diagnosed early. It will also reduce the number of workers compensation claims and provide significant savings to industry overtime. The research will have major clinical and public health implications for the prevention of occupational lung disease in New South Wales. Changes can be implemented very quickly, once it is identified where a particular problem occurs. I commend the board and its staff and all those involved in this excellent initiative which will help save lives today and well into the future.

CIVIL REHABILITATION COMMITTEE
JUSTICE SUPPORT ACCOMMODATION SERVICE

The Hon. R. S. L. JONES: My question is to the Special Minister of State, representing the Minister for Corrective Services. Is the Minister aware that the Civil Rehabilitation Committee Justice Support Accommodation Service, which assists newly released prisoners, has been successful in that more than 60 per cent of its clients stay out of gaol compared with only 40 per cent who receive no assistance? Is the Minister aware that if the CRC Justice Support Accommodation Service was able to provide only an additional 20 places for people newly released from gaol, it would enable approximately an additional 16 people a year to be diverted from the prison system, at a great saving to the community in crime reduction and lower prison costs? Given the success of the CRC Justice Support Accommodation Service in reducing the likelihood of people committing further crime and returning to prison, will the Minister assist CRC by providing urgent additional funding to enable it to cope with demand?

The Hon. J. J. DELLA BOSCA: I am not aware of the specific matters to which the honourable member has referred. Obviously they are significant issues which require a considered answer from the Minister, which I undertake to get as soon as possible for the honourable member.

BLACKTOWN LOCAL GOVERNMENT ELECTION MATERIAL

The Hon. D. J. GAY: My question is to Minister for Mineral Resources, representing the Minister for Local Government. Does the Minister recall that on 22 September 1999 the Hon. Patricia Forsythe, the Hon. J. F. Ryan, the Hon. C. J. S. Lynn and I directed a series of questions through him to the Minister for Local Government regarding the production of Australian Labor Party [ALP] election material for the Blacktown City Council election at a residence with no electricity connected in Cornelia Road, Toongabbie, which was at the correct address for Rebel Hanlon, the ALP campaign director for that election? Given that 14 months have passed since those questions were asked, and given the current interest in electoral enrolment irregularities, will the Minister undertake to obtain a response from the Minister for Local Government before the House rises for the Christmas break?

The Hon. E. M. OBEID: The answer is no. As I said before, it is a matter for the Electoral Commission. The Coalition's Federal counterparts know where it lies. They have referred it to the Electoral Commission, and so should those opposite.

REGIONAL FLOODING ASSISTANCE

The Hon. A. B. KELLY: My question is to the Treasurer. Will he advise the House how the State Government is working with the Commonwealth to provide help to farmers, families and businesses affected by recent floods?

The Hon. M. R. EGAN: As honourable members are aware, recent widespread floods and rain have caused havoc across vast areas of the State. I am pleased to advise the House that today the State Government has announced a range of assistance measures to help flood and rain-affected regions in the north-west and central New South Wales to recover. The State Government will spend some $200 million to provide relief and support for the many farmers, businesses and families that have been hard hit by the floods. I am pleased to say that today the Federal Government announced that it will spend a similar amount of money. Of the $200 million to be spent by the State Government, it is expected that around $160 million will be spent by the Roads and Traffic Authority on repairing and restoring damaged roads. Preparing this vital infrastructure is essential for the recovery of the regional economy.

A further $20 million will be spent repairing damaged railway lines. The State Government will also relax strict assistance guidelines for flood-affected families and small businesses. As part of our assistance package the State Government will increase concessional loans from $80,000 to $130,000 for flood-affected farmers and small businesses, offer an interest-free holiday of two years to new and existing loan recipients if considered appropriate by the Rural Assistance Authority and extend natural disaster relief arrangements to small businesses indirectly affected by the floods, including harvest contractors. The State Government will also spend $5 million on grants to local councils to repair damaged public assets and for clean-up work.

Another $5 million has been spent on relief work carried out by the Department of Community Services and the State Emergency Services. In addition, the State Government has employed two specialist flood support workers through the New South Wales Department of Agriculture to help flood-affected farmers, small businesses and communities get better access to the full range of assistance. These floods have been exceptional. In some cases farmers have lost their crops for the past three years. I welcome the announcement today by the Federal Government that it will make grants available to help the most vulnerable farmers to plant another crop. The help provided by both the State and Federal governments will go some way toward restoring the economic confidence of this important agricultural region.

DAIRY INDUSTRY DEREGULATION

The Hon. ELAINE NILE: My question without notice is to the Special Minister of State, representing the Minister for Agriculture. Is it a fact that deregulation of the dairy milk industry has provided great financial profits for supermarket chains, like Woolworths and Coles, while at the same time halving prices received by New South Wales dairy farmers for their products? Is it a fact that deregulation has ripped $800 million out of the pockets of dairy farmers and farming communities, and is sending bankrupt hundreds of New South Wales dairy farmers who specialise in the supply of quality milk for New South Wales families, with nearly 50 per cent ready to leave the industry at great financial loss? What progress has the New South Wales Government made in its internal inquiry into the serious loss of income, disastrous loss of valuable milk quotas and the social impacts of dairy deregulation? Will the New South Wales Government give a guarantee that it will provide financial compensation to genuinely needy New South Wales dairy farmers for their quotas, as has occurred in Western Australia?

The Hon. J. J. DELLA BOSCA: That is really a very specific question for the Minister for Agriculture. I will take the question on notice and get an answer to the Hon. Elaine Nile as quickly as I can.

WORIMI CHILDREN'S COURT SAFETY

The Hon. PATRICIA FORSYTHE: My question without notice is to the Minister representing the Acting Minister for Juvenile Justice. What action has the Government taken, following yesterday's potentially fatal fire at Worimi Children's Court holding cells, to ensure the safety and security of detainees and staff using the centre? What is the explanation for the fact that the detainees apparently had access to a cigarette lighter in the cell? Can the Government explain why the fire alarm system did not work?

The Hon. J. J. DELLA BOSCA: I can confirm that yesterday afternoon a fire occurred in the holding cells at the Worimi Children's Court at Broadmeadow. I am advised by the Department of Juvenile Justice that

two fire extinguishers were in close proximity to the holding rooms, and that they were used to extinguish the fire. The police have charged one young person with maliciously damaging property. A full investigation is under way. No staff or detainees were seriously injured in the fire. Two young people who attended John Hunter Hospital as a precautionary measure for observation in relation to smoke inhalation were later released.

INDUSTRIAL AWARDS INFORMATION SERVICE

The Hon. I. W. WEST: My question is directed to the Minister for Industrial Relations. Will the Minister outline how the Government is improving access to information about industrial awards?

The Hon. J. J. DELLA BOSCA: Today I launched a new industrial awards information service provided by the Department of Industrial Relations. New South Wales Awards On-Line provides New South Wales employers and workers access to information relating to pay rates, conditions of employment and industrial legislation at any hour of the day or night at the stroke of a keyboard. The Awards On-Line project is another excellent example of how this Government is committed to providing equity in access to government services across the whole of New South Wales. New South Wales Awards On-Line covers nearly 1,000 New South Wales industrial awards, and represents one of the most comprehensive industrial relations web sites in Australia. Awards On-Line has been designed so that people who are not experienced Internet users, and those unfamiliar with industrial awards, can find the information they are looking for quickly and easily.

New South Wales Awards On-Line is integrated with the Department of Industrial Relations Award inquiries phone service, so that people can access further help if they need it. The benefits flowing from this aspect of my department's e-businesses strategy range over the whole of the industrial landscape. Employees and unions will find that the service helps protect the rights of workers by providing them with easy access to their entitlements under New South Wales awards. Businesses will also benefit by having the information they require to comply with the industrial laws at their immediate disposal. The vast majority of businesspeople want to comply with the laws, and this service will assist them. The success of the Awards On-Line project is also a fine example of the success and foresight of this Government's *connect.NSW* program.

COMMERCIAL TROUT FARMS BREEDING STOCK LOSSES

Reverend the Hon. F. J. NILE: I wish to ask the Minister for Fisheries a question without notice. Is it a fact that 100 tonnes of snowy mountain trout have died as a result of last week's electrical storms that cut power to Australia's largest commercial trout farms? Is it a fact that the fish farm is uninsured and that it has lost most of its breeding stock? In view of that fact, will the Government consider compulsory insurance for commercial trout farms? What impact will this event have on employment at the Tumut fish farm? What impact will it have on the availability and price of trout over the Christmas-New Year period?

The Hon. E. M. OBEID: No doubt most honourable members would have heard the news that approximately 60 to 100 tonnes of trout were lost as a result of this loss of electrical power. It would be extremely difficult to legislate to compel businesses to take out insurance policies. But any businessman who has an investment of hundreds of thousands of dollars is very unwise if he does not cover his stock or his assets with an insurance policy.

Reverend the Hon. F. J. Nile: As part of the licence or something.

The Hon. E. M. OBEID: It would be very difficult to legislate to force people to take out insurance, especially when the private sector is doing business as it sees fit.

The Hon. Dr B. P. V. Pezzutti: What if you have a fire? You would need to be insured if you have a fire.

The Hon. E. M. OBEID: This is the Opposition's policy! They do not ask a sensible question. They have never asked a sensible question. The Deputy Leader of the Opposition was one of four Opposition members who asked the same question in September. They got the answer in September. Then they see fit, possibly on the second-last day of this Chamber sitting, to ask another question. Reverend the Hon. F. J. Nile has asked a very sensible question. We are all concerned when any businessman loses stock worth hundreds of thousands of dollars. But what do the galahs on the other side of the Chamber do? They laugh. They think it is a big joke.

Obviously, Opposition members want to formulate their policies in the sewers, because that is exactly where they are travelling with this sort of behaviour. They should know better than to make these smart

remarks, especially about someone who is trying to earn a genuine living and has probably lost a couple of hundred thousand dollars, for some reason or other, because he did not take out insurance. But here we are with an Opposition member making a smart remark. I am sure when the elections come around in two years he will be taking *Hansard* around and saying, "This is the policy we were advocating. We were advocating these smart policies." I am sure the community will be interested to hear that.

It is an absolute disgrace. We have not heard one sensible question from Opposition members, but whenever crossbenchers—who are the real opposition in this House—offer a sensible question, and we are trying to give a reasonable answer, Opposition members want to interject with remarks. Not only are they bullies; they are really very smart. I think that over this Christmas they ought to have a good look at themselves and their behaviour in this House. We sit here and wonder what is going on across there. We all say, "We wish there was an Opposition."

The Hon. D. J. Gay: You, of all people, ought to talk! You are just pathetic.

The Hon. E. M. OBEID: What are your policies?

The Hon. D. J. Gay: You have a proper question. Answer it.

The Hon. E. M. OBEID: You and your colleagues are behaving like bullies. Whenever crossbenchers do not do exactly as you maintain they should, you start bullying them. You ought to wake up to yourselves. You are a terrible Opposition. You ought to be ashamed of yourselves, because you have nothing to offer to your constituents. But I was rudely interrupted by Opposition members. I would like to add more information on the incidents that occurred in the Snowy, with the loss of about 100 tonnes of trout.

Electrical storms in the Snowy Mountains last week led to a power failure at a trout farm below Blowering Dam, near Tumut. The farm relies on water to be pumped to the site and has alarm systems in place to warn of equipment malfunctions. The electricity breakdown resulted in the water pumps and alarm system failing, and the loss of about 100 tonnes of trout. The manager of the farm acted quickly and contacted the local officer from my fisheries department to ask for assistance. New South Wales Fisheries contacted the general manager of the local council to notify him of the situation and to discuss arrangements for disposal of the dead fish. The premises were inspected, and agents that may have been able to use the fish for purposes other than human consumption, such as Uncle Bens, K & C Fisheries and Camilleri Stock Feeds, were contacted immediately.

In consultation with the local community and the Environment Protection Authority, the dead trout were removed from the concrete raceways and buried in a landfill. Coincidentally, aquaculture extension officers visited the site over the weekend as part of a trout farm audit. They spent much of the visit helping with the clean-up. Whilst I am advised that production will be put back by about 12 months, the hatchery and fingerling supplies are intact and this will mean that the farm will be restocked. Nonetheless, this disaster is a setback for the farm and for the local community of Tumut. The farm will now have to temporarily reduce its staff numbers, which may result in as many as 16 part-time processing staff and several permanent staff losing their jobs.

I have been advised that my fisheries department is checking out its trout hatchery brood stock to see whether there is any excess stock that could be provided to the farm to assist its recovery. My fisheries department is also liaising with New South Wales Agriculture to investigate the possibility of providing the farm with disaster funding. Although the fish kill was caused by natural circumstances, the situation has also highlighted the need for plans to be in place to cope with future natural disasters. I thank Reverend the Hon. F. J. Nile for his important question.

ETHNIC COMMUNITIES COUNCIL FUNDING

The Hon. J. M. SAMIOS: I ask the Treasurer, representing the Premier, Minister for the Arts, and Minister for Citizenship, a question without notice. Is the Treasurer aware that the Ethnic Communities Council of New South Wales, because of insufficient State Government funding, could not produce its annual report and continue its important consultations with ethnic communities? Is he also aware that neither the Premier, nor any of his Ministers, represented the Government at the Ethnic Community Council's annual general meeting held at its office at Waterloo on Sunday? Will the Treasurer advise the House why there was no Government parliamentary representative at the annual general meeting of the State's peak ethnic communities organisation on the weekend? Will the Treasurer further advise when he will fully restore funding to the Ethnic Communities Council of New South Wales?

The Hon. Jennifer Gardiner: Donate some paper to them so they can do an annual report.

The Hon. M. R. EGAN: That is not what our parliamentary entitlements are for. What the Hon. Jennifer Gardiner suggests is that parliamentary stationery entitlements should be given to—

The Hon. D. J. Gay: The Greens gave their votes, but they got no money.

The Hon. M. R. EGAN: Sorry?

The PRESIDENT: Order!

The Hon. E. M. Obeid: They are giving you their policies.

The Hon. M. R. EGAN: You want me to give them some paper?

The Hon. Jennifer Gardiner: Well, why don't you give them some?

The Hon. M. R. EGAN: What sort of Treasurer would I be if, when they ask for financial assistance, I was to give them a ream of paper? The Hon. J. M. Samios asked a series of questions. As best I remember the questions, the answers are no; no; I will refer it to the Premier; and I will refer it to the Premier.

GREATER WESTERN SYDNEY AMBASSADOR PROGRAM

The Hon. J. HATZISTERGOS: My question is to the Treasurer, and Minister for State Development. Will the Minister advise the House of new programs to promote business in the greater western Sydney region?

The Hon. M. R. EGAN: I am pleased to advise the House that last week the Government endorsed the Greater Western Sydney Ambassador program, which is a key initiative of Sydney West Marketing. The ambassador program will promote this dynamic region as a great place to start up or relocate a business. The program will capitalise on the region's existing business strengths, including outstanding business facilities, sound infrastructure and a skilled and cost-effective work force. After Melbourne and central Sydney, greater western Sydney has the third largest economy in Australia.

The Hon. Dr B. P. V. Pezzutti: Quiet! The teacher is talking.

The Hon. M. R. EGAN: The teacher is talking, that's right. The region has the fastest growing regional economy in Australia, currently producing about $52 billion in goods and services a year. I would be a good teacher, wouldn't I?

The Hon. D. J. Gay: The best thing that the Labor Party did for generations of children was to remove Jan Burnswoods as a classroom teacher.

The Hon. M. R. EGAN: I might take up teaching in 2016. What is the Hon. J. F. Ryan saying?

The Hon. J. F. Ryan: I double dare anyone to make that assessment after they have been in the classroom for a week or two.

The Hon. M. R. EGAN: I was in a classroom for a number of years. I had, I think, seven years in infants and primary school and five years in secondary school. I am very familiar with the classroom situation. In 2016, I would not mind going back as a teacher.

The Hon. J. J. Della Bosca: What would you teach?

The Hon. M. R. EGAN: I would like to teach civics**.**

The Hon. J. J. Della Bosca: They don't have civics.

The Hon. M. R. EGAN: Well, they should have civics. I would like to teach civics, modern history and theology.

The Hon. J. J. Della Bosca: Theology?

The Hon. M. R. EGAN: Yes.

The Hon. J. J. Della Bosca: Religious studies they call it.

The Hon. M. R. EGAN: Religious studies, yes. They are the three subjects I would like to teach.

The Hon. Dr B. P. V. Pezzutti: Point of order: On 4 May 2000 you directed the Treasurer to return to the question when he had been distracted by interjections. To be consistent, I ask him to do the same again.

The PRESIDENT: Order! I will continue to remind members that interjections are disorderly at all times and that they should not be distracted by them.

The Hon. M. R. EGAN: They are disorderly, are they not Madam President? Yes. The region is the fastest growing regional economy in Australia, currently producing about $52 billion in goods and services the year. That is $52 billion GDP—gross domestic product, if we can apply that term—to the greater west.

The Hon. C. J. S. Lynn: And who came second?

The Hon. M. R. EGAN: Sydney comes first, Melbourne comes second and Sydney's greater west comes third.

[*Interruption*]

Is it $54 billion? I take the honourable member's word for it. That $54 billion, of course, is much larger than the GDP of most countries. Sydney's greater west is home to around 60,000 businesses, and more than 150 of Australia's top 500 companies are located in the greater west. Economic growth in greater western Sydney has been based on a constructive partnership between government, local business and regional development organisations. The region's industries include advanced manufacturing, tourism, information technology, business services and retail trade, all of which are growing at a much faster rate than the national average. A number of companies and organisations have already signed on to the new Business Ambassador program. They represent a wide range of industries, including ecology, entertainment, energy, human resources and media. I welcome the launch of the new business ambassador program. I congratulate business and industry leaders in greater western Sydney on their commitment to bringing new investment and job-creating industries to this important region.

TAXI E TAGS

The Hon. D. E. OLDFIELD: My question is to the Minister for Mineral Resources, and Minister for Fisheries, representing the Minister for Roads. Is the Minister aware of how many taxis utilising the special 24-hour limited access lane on the Harbour Bridge are fitted with E tags? Is the Minister aware of the unnecessary and extremely high level of congestion caused by taxis changing from their designated lane on the Harbour Bridge apparently because they are not fitted with E tags and hence must stop to pay at toll booths? Will the Minister agree that it would be more beneficial to traffic flow on the Cahill Expressway if all taxis were fitted with E tags and, hence, were able to stay in their designated lane and pass through the toll booths without stopping? Will the Minister, in the interests of better traffic flow, urgently consider the need for all taxis that work in areas that cause them to use the Harbour Bridge to be fitted with E tags?

The Hon. M. R. Egan: What are you sponsoring? What does your badge represent?

The Hon. D. E. Oldfield: The Variety Club's children's christmas party.

The Hon. E. M. OBEID: I thank the Hon. D. E. Oldfield for an important question. No doubt we would all like to see taxi cabs and other private vehicles facilitate their way through traffic with a minimum of fuss. I will obtain a detailed answer from my colleague in the other House.

REGIONAL FLOODING ASSISTANCE

The Hon. R. H. COLLESS: My question is directed to the Treasurer, Minister for State Development, and Vice-President of the Executive Council. Following the disastrous floods of November 2000 and following his generous announcement today with respect to roads and railways, will the Treasurer give a further

undertaking to match over the next two years the Federal Government's commitment, as outlined today, to make $46 million available immediately to provide income support for farm enterprises, make $24 million available as ex gratia grants for the purpose of crop replanting where crops have been wiped out, make available $70 million in interest rate subsidies to farmers for existing debt that relates to farm enterprises, and make available $5.5 million as grants to small businesses for restoration of flood damage?

The Hon. M. R. EGAN: As I indicated earlier to the House, the New South Wales Government estimates that it will spend around or more than $200 million on matters such as road repairs, rail repairs and other infrastructure repairs. We will also be making increased concessional loans. We will be offering an interest-free holiday of two years to new and existing loan recipients, and we will be extending national disaster relief arrangements to small businesses indirectly affected by the floods, including harvest contractors. All in all, we expect that we will certainly spend around $200 million. Perhaps we will spend more than the $216 million that has been committed by the Commonwealth. Simply because the Commonwealth's commitment is divided into particular categories for specific purposes does not mean the State Government should match those specific categories, any more than we would expect the Commonwealth to use its $216 million to match the money we will spend on repairs for road, rail and other matters.

The Hon. R. H. COLLESS: I ask a supplementary question. I understood the Treasurer's comments when he answered the first part of the question, but the amounts are more specific. I would like to know if the $160 million that has been allocated for road repairs is new money or a transfer of funds? Will an extra $160 million go into road funding?

The Hon. M. R. EGAN: That is right. One allocation will be for one year.

The Hon. D. J. Gay: Will it come off next year's grant?

The Hon. M. R. Egan: It will not all be in one year.

The Hon. D. J. Gay: But it won't be deducted from next year's grant?

The Hon. M. R. EGAN: Next year's roads budget? No. It is in addition to the roads budget.

INTERNATIONAL PROMOTION OF NEW SOUTH WALES

The Hon. AMANDA FAZIO: My question is to the Treasurer, Minister for State Development, and Vice-President of the Executive Council. Will the Treasurer advise the House on how the State Government is taking advantage of the Sydney 2000 Olympic Games to sell the benefits of New South Wales to the world?

The Hon. M. R. EGAN: As the House is aware, I am often urged by members opposite, particularly Brigadier Pezzutti, to travel more as a way of winning new investment for New South Wales.

The Hon. D. F. Moppett: He didn't say anything about coming back.

The Hon. M. R. EGAN: Don't worry, I will be back: I shall return. I am pleased to advise the House that I am taking the advice of the Hon. Patricia Forsythe, and more particularly the advice of the Hon. Dr B. P. V. Pezzutti, and next week, while the House possibly will still be sitting, I will be travelling to the west coast of the United States of America. There are three reasons why I am visiting the United States: jobs, jobs and jobs.

The Hon. Dr B. P. V. Pezzutti: In co-operation with the Commonwealth.

The Hon. M. R. EGAN: In co-operation with the Commonwealth. Throughout the Olympic Games a wide range of business promotion and marketing activities were designed to reinforce the message that New South Wales has a vibrant, sophisticated economy and that our businesses are world-class. The Government's post-Games business strategy, Building on Success, is now in full swing. The Premier is currently in the United States of America, though he is promoting New South Wales on the east coast and speaking with key international business leaders about investment in New South Wales. That follows hard on the heels of his successful mission to China. My five-day mission to the United States will focus on Los Angeles, San Diego and San Francisco.

In Los Angeles I will meet with executives from Twentieth Century Fox, Warner Brothers and the Walt Disney company. It is estimated that so-called footloose film productions in the United States will grow to over

300 in 2001 with a production value of between $US3 billion and $US4 billion. With successes such as *The Matrix* and *Mission: Impossible 2* produced in Sydney, I will be pressing the case for more international productions to come to Sydney.

In San Diego I will meet with the heads of the region's thriving biotechnology industry. As well as helping to build co-operation and collaboration between the New South Wales and San Diego industries, I will also pave the way for the New South Wales biohub business mission to San Diego in June 2001, in which I understand the Hon. Jennifer Gardiner is taking part. In San Francisco, at a meeting organised by Mr Roger Allen, the Chair of the Government's Information Industries Business Advisory Board, I will meet with representatives of Australian information technology companies that are succeeding in the United States. I want to hear what they have to say about how the Government can best help them to continue to grow and succeed.

The Hon. M. J. Gallacher: You've got one happy camper on this side.

The Hon. M. R. EGAN: I did not say we would be paying her way, but I have heard on the grapevine that she is taking part in this mission, and I welcome that. I will also meet with senior executives from some of the world's leading information and communications industry companies, including CISCO and Oracle. In one-on-one meetings I will discuss the options for future expansion in New South Wales. The recent investment and trade missions by the Premier and the Minister for Small Business and Tourism and my forthcoming trip to the United States are part of the most comprehensive business attraction strategies ever undertaken by it New South Wales. The best estimates are that we should act quickly to capitalise on the business afterglow of the Games, so the Building on Success initiatives are both vital and timely. The Olympics by any and every measure were a remarkable success. But the crowning achievement of the best ever Games will be new tourism, new investment and new jobs for the people of New South Wales.

AUSTRALIAN LABOR PARTY SOCIALIST INTERNATIONAL MEMBERSHIP

Ms LEE RHIANNON: I direct my question to the Treasurer. In the spirit of a red Christmas, will the Treasurer inform the House how he reconciles his Government's commitment to privatisation of public assets and enterprises and his adherence to the ideology of deregulation with Australian Labor Party membership of the Socialist International, which on its web site lists socialism as one of its principles? Does the Treasurer believe the people of New South Wales benefit from ALP membership of the Socialist International, which brings together 143 social democrat, socialist and Labor organisations? If he believes there is a benefit, could he explain how the benefit works?

The Hon. M. R. EGAN: I could not really work out that question. I do not know what a red Christmas is. What is a red Christmas?

The Hon. Dr B. P. V. Pezzutti: The sort of Christmas that Greens don't have.

The Hon. M. R. EGAN: Good. I would call myself a social democrat. As most honourable members are aware, 33 to 36 years ago I was briefly a member of the Left. But even when I was a member of the Left I never ever was a socialist. I am a social democrat. What else does the honourable member want to know?

Ms Lee Rhiannon: What are the benefits to New South Wales of being a member of the Socialist International?

The Hon. M. R. EGAN: Socialist International is an organisation that includes most of the fair dinkum social democratic parties of the world. It used to exclude most of the Stalinist parties of eastern Europe and the Union of Soviet Socialist Republics; they were not entitled to belong to the Socialist International. They had their own outfit.

The Hon. J. J. Della Bosca: Ours is called the second international.

The Hon. M. R. EGAN: Thank you for that. Theirs was the third international, was it? We certainly would not allow members opposite into the Socialist International. Some people call us socialists. I think it is a misnomer. I think the appropriate term is social democrats. The honourable member mentioned privatisation. What amazes me is that all the former Communist countries and even present-day Communist countries—not that there are many of them—are embarking on massive privatisation programs. Only recently a representative of the African National Congress Government of South Africa was here. A number of members of that

government, which is embarking on a privatisation mission of government business enterprises with great enthusiasm in South Africa, were members of the Communist Party. I do not know what privatisation has to do with Christmas, but I wish the honourable member a happy Christmas anyway.

BLACKTOWN CITY COUNCIL LOCAL GOVERNMENT ELECTION

The Hon. C. J. S. LYNN: My question is to the Treasurer, and Vice-President of the Executive Council. On 28 October 1999 I asked the Treasurer a series of questions concerning irregularities in the ALP campaign for the Blacktown council elections. I raised matters including the electoral enrolment of the ALP campaign director, Rebel Hanlon; the production of ALP campaign material from an address that had no electricity connected; and the actions taken by the ALP to ensure that the public were not misled in this matter. Considering that the Treasurer failed to answer those questions, and given the exposure of ALP electoral rorts in Queensland, will he now advise the House what action the ALP has taken or will take to ensure the public is not misled or deceived in the future?

The Hon. M. R. EGAN: I do not remember the Hon. C. J. S. Lynn asking me those questions, but I accept his word that he did. I thought the answer he was given today was an appropriate one. If there are any concerns about anyone involved in any local government election in New South Wales, there are appropriate authorities to refer those complaints to. The only rorts that I know of in local government elections were the ones I was a victim of in 1971 when the Liberals diddled me out of my rightful place, and I have never forgotten it.

The Hon. J. J. Della Bosca: When you forgot to vote for yourself?

The Hon. M. R. EGAN: No, that was in 1971 when I ran for a State seat. That is different. That was my first election.

CORPORATE REGULATION

The Hon. R. D. DYER: I ask the Special Minister of State, Minister for Industrial Relations, and Assistant Treasurer a question without notice. Is the Minister aware of the outcome of last week's Standing Committee of Attorneys-General meeting and the consideration given to referral of State powers to the Federal Government to regulate aspects of corporate regulation?

The Hon. J. J. DELLA BOSCA: As honourable members are aware, the New South Wales Government has introduced legislation to refer the corporations power to the Commonwealth. That position was supported by all State governments and resulted from prolonged negotiations aimed at resolving uncertainties created by recent High Court decisions in the constitutional power of the Commonwealth to regulate aspects of the national corporations power scheme. However, the Commonwealth rejected the States' initiatives to insert into legislation a provision that would specifically prevent the Commonwealth using the referral to undermine State industrial relations laws. The specific limitation proposed by the States in relation to industrial relations powers was necessary as a result of the release of the deferred discussion paper of the Minister for Employment, Workplace Relations and Small Business on a unitary system of industrial relations.

Since Federation industrial relations regulation has been a residual power of the States, with the exception of conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State. However, the Minister for Employment, Workplace Relations and Small Business has now decided that the best way to ensure safety net coverage for the majority of Australian workers, in particular for the lowly paid, is to provide a national unitary system of industrial relations using the constitutional corporations power. In light of his record, I remain very sceptical about the Minister's true agenda with these proposed reforms.

Through his program of award stripping, the Minister has already presided over the continuing erosion of the Federal award system, substantially reducing the extent to which it can provide fair and reasonable wages and conditions for those who continue to rely on awards. Further, there are obvious limits on the employers and employees that Federal legislation can regulate, given that the corporations power covers only businesses that are incorporated. That means that other business forms such as partnerships and sole traders would not be covered. It is clear that the corporations power can never provide a truly national, unitary system of industrial relations. Proposals by the Minister for Employment, Workplace Relations and Small Business contrasts sharply with the New South Wales industrial relations system, under which workers have the protection of a strong award system that is underpinned by a meaningful safety net.

The real agenda for the Howard Government is to replace strong and viable awards with minimal general conditions, and to force employees into individual agreements. That agenda fails to recognise the inherent imbalance in bargaining power that can exist between an employer and an employee. The New South Wales Government is committed to the maintenance of a strong State industrial relations system that reflects a fair, flexible and balanced approach between the needs of employees and employers. That commitment was demonstrated in Melbourne last Friday at the Workplace Relations Ministers' Council, where I raised the significant concerns of the New South Wales Government and firmly rejected the Federal Government's proposal.

POKER MACHINE ADMINISTRATION

The Hon. HELEN SHAM-HO: My question without notice is directed to the Special Minister of State, representing the Minister for Gaming and Racing. Is the Minister aware of the licensing trust in Invercargill, New Zealand, which is owned by the town's residents and which owns 85 per cent of the poker machines? Is the Minister further aware that this trust returns 60 per cent of its profits to the community by means of community grants to hospitals, schools, non-professional sports clubs and the like? Considering the recent statistic that in some disadvantaged areas of Sydney an average of $181 was spent per person per week in poker machines, what action is the Minister taking to ensure that the considerable profits generated by the large number of poker machines are returned to the community? If such grants exist, what proportion of the profits from poker machines on average is returned to the local community? Will the Minister consider establishing a trust for the profits from poker machines over which the public has some control, such as that found in Invercargill?

The Hon. J. J. DELLA BOSCA: I am not aware of initiatives in Invercargill. Indeed, I am not aware of any initiatives in relation to the administration of poker machines in New Zealand. Therefore, I will not attempt to answer the honourable member's question. I simply make the observation that, as honourable members know, for a long time the Minister for Gaming and Racing has attempted to tackle the problems associated with machine gambling by dealing with the difficulties of problem gamblers. He has taken many important initiatives. One is the safe bet initiative, which is voluntary amongst clubs and poker machine providers. The honourable member has raised a number of other issues, which I believe relate to taxation. I will refer the honourable member's question to the Minister for Gaming and Racing for a detailed answer.

DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT WOLLONGONG OFFICE FUNDS MISAPPROPRIATION

The Hon. J. F. RYAN: I ask a question of the Treasurer. Is it a fact that last year two officers were dismissed and another person transferred from the Wollongong office of the Department of State and Regional Development for misappropriating thousands of dollars in public funds? Will the Minister report details of these offences to the House, indicate how the matter was investigated, and detail the full extent of the action taken against the officers responsible and the measures taken to prevent further incidents like this from occurring?

The Hon. M. R. EGAN: I will make inquiries of the department. I would not like my silence to be taken as confirmation of anything the Hon. J. F. Ryan asserts in his question, but he has raised several issues. I will take up those issues with the department and obtain a response.

NATIVE FISH STOCKING PROGRAM

The Hon. P. T. PRIMROSE: My question is addressed to the Minister for Fisheries. Given the importance of the fish stocking program for recreational fishing and tourism in New South Wales, what are the prospects for the start of the 2001 season?

The Hon. D. J. Gay: Point of order: The Hon. P. T. Primrose's question seeks an opinion. Last week you made a learned ruling that questions that seek an opinion are out of order.

The PRESIDENT: Order! As I have done on a prior occasions, I ask the member to rephrase his question to make it clear that it is not seeking an opinion.

The Hon. M. R. Egan: The honourable member's question asked the Minister for Fisheries, "What are the prospects for the start of the 2001 season?" That is not an opinion.

The Hon. D. J. Gay: It is clearly an opinion.

The PRESIDENT: Order! It all depends on how one defines the word "prospects". I believe there is a difference between the meaning of the word "opinion" and the meaning of the word "prospects". I rule the question in order.

The Hon. E. M. OBEID: I am sure Government and crossbench members are interested in hearing about what is happening to our recreational fisheries, especially inland fisheries, where jobs and tourism are most needed. The Government has clearly demonstrated its commitment to ensuring better fishing opportunities for recreational fishers. Since 1998 the angler expenditure committee overseeing the freshwater fee has recommended that some of this money be spent on restocking our inland waterways. Fish for stocking programs are provided by the New South Wales Government hatcheries at Ebor, Narrandera, Jindabyne and Port Stephens.

Last year the Government set new records for restocking in New South Wales. More than seven million juvenile trout and native fish were released by New South Wales Fisheries officers into our inland areas. Keen anglers will be able to enjoy a great day's fishing for Murray cod, silver perch, golden perch, Australian bass and salmon, as well as rainbow, brook and brown trout. I am proud to say that we intend to continue this program, which is supported by anglers through their freshwater fishing fee contribution. This season we are planning for another bumper year. More than three million juvenile trout have already been released from the Government's Dutton hatchery. Some 1.6 million of those trout have gone into one of our State's best trout fishing areas, the New England tablelands. I am sure the Hon. R. H. Colless will be interested in that.

The Gaden hatchery has also had good results with 1.1 million trout and salmon being stocked, many by members of the Monaro Acclimatisation Society branches. Last year 4.75 million trout and salmon fry were released into impoundments throughout the State. I take this opportunity to thank local angling groups and communities that have contributed to the success of this program. Last season another record was set with Australian bass—a prized native species. A record 307,000 bass were released into 24 impoundments around New South Wales. This season we are hoping to do even better. We have already released more than 250,000 bass. This takes the total number of Australian bass stocked since the introduction of the freshwater fishing fee to almost 840,000.

The Hon. Dr B. P. V. Pezzutti: How many of them are alive now?

The Hon. E. M. OBEID: In fact, Fisheries is conducting significant research to assess how many of the fish remain after restocking and how they are progressing. It is a matter of research and more research.

The Hon. Dr B. P. V. Pezzutti: How many?

The Hon. E. M. OBEID: I cannot tell the honourable member exactly how many are still alive, but once we have the results I will be more than happy to share them with the House, because it is important to know what happens to these fingerlings after restocking, how many of them survive and how beneficial the program is. Lake Liddell, Lostock Dam, Glenbawn Dam, Glennies Creek, Brogo Dam and Pourmalong Creek are only some of the places anglers can go to benefit from the Government's stocking program—and the season has only just begun! Last year more than 400,000 silver perch were released into impoundments, and this year it is anticipated that more than 650,000 juveniles will be released. That is great news for recreational fishers, angling clubs and local communities.

Native species such as Murray cod, golden perch and silver perch will be released from this month through to April next year. Our stocking program plays an important role in protecting threatened species such as silver perch and eastern freshwater cod. Last season, as part of the eastern freshwater cod recovery effort, 40,000 hatchery-bred juvenile fish were released into the Clarence and Richmond rivers. The Government will be releasing a further 30,000 fingerlings of this very important native species. I look forward to updating the House as the stocking season continues.

NELSON BAY SLIMY MACKEREL POPULATION

The Hon. J. S. TINGLE: My question without notice is addressed to the Minister for Fisheries. Is the Minister familiar with the slimy mackerel population at Nelson Bay and the problem facing it? Has the Minister heard that four large trawlers from Eden on the South Coast have been reportedly fishing in known slimy mackerel locations inside Nelson Bay and that Nelson Bay fishermen fear the slimy mackerel is being overfished by these trawlers?

Does the Minister agree that this is a fragile fishery, and that even one trawler fishing for one night, using lights to stir up fish and then scooping them up wholesale, might cause a serious depredation of the fishery? Given that slimy mackerel are a vital link in the food chain of many important fish and marine mammals, is there a need to protect this fishery? Has any thought been given to legislation to protect this type of fragile fishery, and to prevent trawlers from other parts of the State fishing in estuaries and bays, where stocks are limited, in competition with established local fishers?

The Hon. E. M. OBEID: I have answered a question in relation to the slimy mackerel, known as the blue mackerel, in this House. This is a matter of great concern to most anglers.

The Hon. M. R. Egan: Is it a nice tasting fish?

The Hon. E. M. OBEID: It is a bait fish, basically. The Nelson Bay fishery is a Commonwealth fishery and I have made it clear to my counterpart in the Commonwealth Government—

The Hon. M. R. EGAN: What do you mean, "it is a Commonwealth fishery"?

The Hon. E. M. OBEID: It is three nautical miles off the coast and therefore it is in Commonwealth waters. The New South Wales Government has suggested to my counterpart in the Commonwealth Government that before any commercial harvesting is done, an environmental assessment should be carried out. To the Commonwealth's credit, it is doing that; but that does not take away the concern of most anglers that this important fish in the food chain, which is commonly used for bait, is fished commercially. Therefore, some slimy mackerel will not be available as bait or for other fish to feed on. I am not aware of the situation in Nelson Bay, but I am more than happy to seek information and provide the honourable member with details.

NEW SOUTH WALES AMBULANCE SERVICE STUDY TOUR

The Hon. JENNIFER GARDINER: My question is to the Treasurer, representing the Minister for Health. Is the Minister aware that senior managers of the New South Wales Ambulance Service are embarking on a study tour to the United Kingdom to examine industrial relations? Does the Government understand that many ambulance officers believe it would be preferable for those managers to stay at home and study the industrial relations crisis affecting the New South Wales Ambulance Service?

Will there be more industrial relations tension in the service because, for example, the Greater Murray Area Health Service is operating with about 20 fewer ambulance officers than its budget establishment figure? Is the Minister aware that industrial relations tension is growing because of cutbacks on vehicle maintenance, as demonstrated last week when seven ambulances broke down, and more broke down the next day, and only four relief vehicles were available?

The Hon. M. R. EGAN: As we heard earlier in question time, it is all right for the Hon. Jennifer Gardiner to go to the United States of America next June for the biohub conference.

The Hon. M. J. Gallacher: You said she is paying.

The Hon. M. R. EGAN: Yes, that is okay; it is all right for her to go off, but it is not good enough for the ambulance officers to go overseas to study something. I am not aware of the details, but I am sure it is entirely appropriate that they go. I will obtain a response from the Minister for Health and provide it to the House as soon as possible. I do not know why the Hon. Jennifer Gardiner complains about other people going overseas, when she goes off at the drop of a hat.

If honourable members have further questions I suggest they put them on notice.

ETHNIC AFFAIRS COMMISSION RESTRUCTURE

The Hon. M. R. EGAN: On 31 October the Hon. Dr P. Wong asked me a question relating to the Ethnic Affairs Commission restructure. The Premier, Minister for the Arts and Minister for Citizenship has provided the following response:

> The Community Relations Commission and Principles of Multiculturalism Act places new obligations on the about-to-be created Community Relations Commission for a Multicultural New South Wales. In preparation, the Ethnic Affairs Commission will replace the Policy and Liaison Division with a new proactive service. This service will have primary responsibility for EAPS monitoring and assessment. The Commission will have adequate resources to meet its EAPS responsibilities. The EAPS Standard Framework will continue to be the basis for assessment and reporting to Parliament.

POLICE SERVICE PROMOTIONS

The Hon. M. R. EGAN: On 31 October the Hon. P. J. Breen asked me a question relating to Police Service promotions. The Minister for Police has provided the following response:

On 28 November 2000, the Carr Government introduced the Police Service Amendment (Selection and Appointment) Bill 2000 to improve Police Service selection and appointment processes.

The Bill and accompanying administrative reforms will increase the speed and flexibility of police appointments and streamline the police promotional appeal system.

These reforms are supported by all key stakeholders, including the Police Service, Police Association of New South Wales, Public Service Association of New South Wales, Police Integrity Commission and the Government and Related Employees Appeal Tribunal.

The Government will continue to work with these bodies to ensure that the police promotion system meets the needs of the Service, its employees and the community. Further improvements will be informed by the recent Promotions and Assessment Survey and the ongoing work of the Tripartite Committee on Human Resource Issues.

HUNTER AREA HEALTH BOARD CHIEF EXECUTIVE OFFICER DISMISSAL

The Hon. M. R. EGAN: On 31 October the Hon. Dr A. Chesterfield-Evans asked me a question without notice relating to the dismissal of Dr Owen James, Chief Executive Officer, Hunter Area Health Board. The Minister for Health has provided the following response.

The NSW Department of Health initiated a review of Dr James' dismissal as Chief Executive Officer of the Hunter Area Health Board. The purpose of the review was to establish the facts surrounding Dr James' removal from office.

Dr James has indicated that he will institute legal proceedings.

LOCUST PLAGUE CONTROL

The Hon. M. R. EGAN: On 31 October the Hon. A. G. Corbett asked me a question relating to pesticides used in locust control campaigns. The Minister for Health has provided the following response:

Fenitrothion but not Malathion has been used to spray locusts in the current campaign. This campaign has taken place in areas where few people live.

The research by a student at Charles Sturt University has not been published yet. The few preliminary details released on ABC TV and radio rural news are insufficient from which to draw any considered conclusions.

Fenitrothion has recently undergone a comprehensive review by the National Registration Authority for Agricultural and Veterinary Chemicals (NRA). The interim review report states that "Fenitrothion does not interact with genetic material, and long-term cancer studies in animals provided no evidence that fenitrothion would be likely to cause cancer in humans".

Chemical reviews by the NRA include assessments of risk and safety. If fenitrothion is applied appropriately according to regulatory requirements there should be little or no effect on the public.

TRADITIONAL CHINESE MEDICINE

The Hon. M. R. EGAN: On 1 November the Hon. Helen Sham-Ho asked me a question concerning traditional Chinese medicine. The Minister for Health has provided the following answer:

Issues relating to the regulation of practitioners of Traditional Chinese Medicine will be considered within the context of the NSW submission to the Australian Health Ministers' Advisory Council (AHMAC) suggesting a potential framework for establishing national minimum standards for the conduct and safety of alternative and complementary medicine.

Pursuant to AHMAC's consideration of the submission, New South Wales is seeking to advance the formation of a working party with representation from Commonwealth, State and Territory Departments of Health to progress development of the framework.

New South Wales is currently preparing to submit to the Commonwealth a proposal seeking financial support for this activity through funds allocated under the Federal Government's GST or other relevant initiatives.

Pending the outcome of negotiations with the Commonwealth, New South Wales will convene an initial meeting of the working party to seek agreement on terms of reference, membership, principles of operation, milestones and timeliness.

New South Wales proposes that the terms of reference for the working party include consideration of the action required by State and Territory Governments in response to the GST legislation for acupuncturists, herbalists and naturopaths such that any action reflects appropriate consideration of public health and safety issues and other policy initiatives such as National Competition Policy.

WYONG SHIRE COAL EXPLORATION

The Hon. E. M. OBEID: On 23 November and 1 December the Leader of the Opposition asked me a question regarding Wyong shire coal exploration. I provide the following answer:

COAL Operations Australia Limited (COAL) as a condition of its exploration licence is required to prevent any mining related subsidence on the F3 Freeway or on land east of the Freeway.

In order to address potential subsidence issues west of the F3 Freeway, COAL has completed a detailed flood study of the Dooralong and Yarramalong valleys. This study will allow potential flooding issues associated with mining subsidence in valley areas to be assessed from a factual and informed position.

The company has yet to finalise a detailed mine plan, which indicates its proposal for mining should the project receive development consent. The issue of subsidence will be fully canvassed in this approvals process. Before a mining lease can be granted, the company will be required to submit a development application, accompanied by an Environmental Impact Statement (EIS). The effects of mine subsidence will be one of the major issues for the company to address in the EIS. The EIS will be subject to the most vigorous scrutiny by Government agencies, the local Wyong Council, and residents.

DISADVANTAGED SCHOOLS FUNDING

The Hon. J. J. DELLA BOSCA: On 2 November the Hon. Elaine Nile asked me a question about disadvantaged schools funding. The Minister for Education and Training has provided the following answer:

The list of schools on the Priority Schools Funding Program was released in the Legislative Assembly on Wednesday 1 November 2000.

WORKERS COMPENSATION SELF-INSURANCE

The Hon. J. J. DELLA BOSCA: On 29 November the Leader of the Opposition asked me a question concerning workers compensation self-insurance. The following response is in addition to the answer I provided to the honourable member on that date:

WorkCover has not rejected any application from larger retailers over the past 10 years. There is no refusal to grant a license by WorkCover.

An application for a self-insurer licence was lodged by a large retailer in December 1997 and was withdrawn at the company's request in November 1999.

An application for a self insurer licence was also lodged by another large retailer in June 1996. This licence was not progressed further by the company. WorkCover and the company agreed that this application has lapsed.

Currently there are no applications from large retailers lodged with WorkCover. Licence applications are considered confidential by WorkCover and it would not be appropriate to name the above two companies.

GREY-HEADED FLYING FOXES

The Hon. J. J. DELLA BOSCA: On 31 October the Hon. R. S. L. Jones asked the Hon. Carmel Tebbutt questions regarding grey-headed flying foxes. The Minister for the Environment has provided the following answers:

1. I am advised by the National Parks and Wildlife Service (NPWS) that section 120 licences are issued under tight restrictions including inspection by an NPWS officer prior to issue, filing of a report on culling incidents by the orchardists and provision that lands be available for inspection at any time. In all cases orchardists are encouraged to shoot to scare flying foxes.

2. The current abundance of grey-headed flying fox, estimated by the Australasian Bat Society, is between 350,000 and 400,000 for Queensland, New South Wales and Victoria.

3. There is no evidence that populations of flying foxes are "plummeting" as the Honourable Member alleges. Further, the Government does not allow "almost unlimited shooting" of flying foxes.

4. While the NPWS and NSW Agriculture both advocate that the only fully effective prevention of crop damage from flying foxes is full exclusion netting, this is not always practicable (for example due to steep topography). In such cases, other non-lethal means of deterrence are required. To date there has been research on alternative deterrents. Various deterrents have been trialed with mixed success. The NPWS supports NSW Agriculture and industry investigating alternative methods of crop damage mitigation.

Questions without notice concluded.

ASSENT TO BILLS

Assent to the following bills reported:

Crimes at Sea Amendment Bill
General Government Debt Elimination Amendment Bill
Passenger Transport Amendment Bill

ELECTRICITY SUPPLY AMENDMENT BILL

In Committee

Consideration resumed from an earlier hour.

Clauses 1 to 4 agreed to.

Schedule 1

The Hon. Dr A. CHESTERFIELD-EVANS [5.06 p.m.], by leave: I move my amendments Nos 1 and 2 in globo:

No. 1 Page 4, schedule 1 [5], proposed section 18. Insert after line 8:

(2) It is a condition of a distribution network service provider's licence that any customer connection contract provide for the inclusion of any charges under that contract in the bill issued to the customer by the relevant retail supplier for the supply of electricity to the customer's premises.

No. 2 Page 5, schedule 1 [10], proposed section 33. Insert after line 8:

(3) Without limiting any other provision of this Act, it is a condition of a retail supplier's licence that any customer supply contract in force between the retail supplier and a customer provide for the inclusion of any charges under a customer connection contract relating to the customer's premises in the bill issued to the customer by the retail supplier for the supply of electricity to the customer's premises.

Basically these amendments require that electricity bills detail network charges separately from charges for electricity purchased. The advantage is that the customer will see how much the network charge is. This is similar to water bills, which detail a charge for connection to water and sewerage separately from the amount of water consumed. In that way people will be able to see where their money is going. This is quite important, because if the network gets a subsidy to do as it wishes, the market will be distorted. Sometimes big networks support existing generators rather than alternative or more diversified electricity suppliers.

There has been a lack of information available to network providers in relation to their customer base. This has meant that providers cannot buy electricity from their customers and route it more effectively in peak times; they have to build it from their known generators and augment from the network to take over high load at peak times. In effect, that means that there is too much investment in the network as opposed to alternative sources of supply, which is the opportunity cost of those networks.

The amendments facilitate the consumer being able to see the network charge separate from the electricity charge. They thus impose a discipline on the network, which the Democrats believe will make for a better electricity market and a more disciplined electricity market. Further, it will provide a discipline on the market which, when related to the central business district augmentation, has not behaved in as disciplined a fashion as it might have done.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.09 p.m.]: The Government does not believe that this amendment is necessary and therefore will not support it. The collection of charges for connection services by the retailer on behalf of the network service provider is to be dealt with through the market operation rules in the bill. A rule will be made to regulate agreements between distributors and retail suppliers. The content of those agreements will cover the collection of network charges.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.10 p.m.]: Whilst the Opposition is not persuaded to support the amendments, the point that the Hon. Dr A. Chesterfield-Evans makes is valid, and the Minister's response answers it only in part. The Opposition asks that the Minister give an undertaking that there will be a delineation between the various charges under the billing process. We ask the Minister to clarify whether that is to be understood from his answer.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.11 p.m.]: I am advised that there seems to be no problem with including that undertaking in the rules.

Amendments negatived.

The Hon. Dr A. CHESTERFIELD-EVANS [5.11 p.m.], by leave: I move my amendments Nos 3 to 6 in globo:

No. 3 Page 8, schedule 1 [10], proposed section 35, line 11. Omit all words on that line. Insert instead:

(1) A retail supplier must not:

No. 4 Page 8, schedule 1 [10], proposed section 35, line 12. Omit "to" where firstly occurring.

No. 5 Page 8, schedule 1 [10], proposed section 35, line 13. Omit "to" where firstly occurring.

No. 6 Page 8, schedule 1 [10], proposed section 35. Insert after line 19:

Maximum penalty: 100 penalty units.

Amendments Nos 3 to 5 merely make semantic changes that the Parliamentary Counsel informs me are necessary to provide a penalty clause for retail suppliers who do not meet their obligations under the schedule—in other words, suppliers who do not supply electricity because a person uses an alternative electricity source. I simply make the point that if such a provision is made a term of a licence, if there are what seem to be relatively minor misdemeanours and the sanction is the loss of the licence, or some other major sanction, that sanction may never actually be invoked. Therefore a more minor sanction may be more appropriate.

I recall that when I used to complain about cigarette advertising on television a decision had to be made as to whether Channel 9 would lose its licence. Because that sanction was never applied, the ban on tobacco advertising simply never happened and therefore sponsorship continued. With regard to this legislation, where the offence might seem trivial in terms of such a large entity, we suggest that a smaller penalty may be more appropriate as it relates more directly to a failure to supply on the basis that the person uses alternative forms of energy and thus his or her account is worth less.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.12 p.m.]: The Government will not support the amendments. Currently the prohibition on a retail supplier discriminating against a person on the basis that the person uses alternative forms of energy is enforced as a licence condition. I am advised that both the Minister and the Independent Pricing and Regulatory Tribunal [IPART] can impose penalties for breach of licence conditions of up to—

The Hon. Dr A. Chesterfield-Evans: But will they?

The Hon. M. R. EGAN: I am not quite sure what that question means. There is always a discretion to impose a penalty. Surely the Hon. Dr A. Chesterfield-Evans is not suggesting that there should not be a discretion.

The Hon. Dr A. Chesterfield-Evans: No.

The Hon. M. R. EGAN: What are you suggesting?

The Hon. Dr A. Chesterfield-Evans: I want a guarantee—

The Hon. M. R. EGAN: I will not give you a guarantee if you do not know what you are asking for.

The Hon. Dr A. Chesterfield-Evans: I ask that small misdemeanours be dealt with other than by way of a condition of a licence. I ask that it not be an all-or-nothing penalty, but that minor breaches be dealt with as misdemeanours, if you like, and that a small penalty be applied instead of a huge penalty that is never invoked.

The Hon. M. R. EGAN: As I was pointing out, I am advised that there are penalties of up to $100,000 or, in cases in which IPART is involved, up to $10,000. It seems to me that what the Hon. Dr A. Chesterfield-Evans initially asked was quite different to his interjection. Therefore I must say I am still confused as to what the honourable member is on about—but that is not a new situation.

The Hon. Dr A. CHESTERFIELD-EVANS [5.15 p.m.]: I suggest that the Minister is not very well briefed on this legislation and therefore he is simply throwing stones. I suggest that what I have asked is perfectly clear. I ask that the Minister give a guarantee that the law will be enforced even for small breaches of retailers not supplying customers who use alternative energy sources. The Minister simply has to say, "Yes, in general we will enforce small breaches in this situation." That is all I ask. It is a very simple question.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.16 p.m.]: The Opposition does not support the amendments moved by the Hon. Dr A. Chesterfield-Evans. I believe that the Minister has dealt with them adequately. The legislation provides maximum penalties and therefore provides for discretion. Statutory authorities have a responsibility to use their discretion. The Minister cannot answer on their behalf. It is not my normal procedure to answer on behalf of the Government, but in this case IPART and other bodies have a responsibility to operate. On my observation of Tom Parry and his crew, they operate quite professionally.

Amendments negatived.

The CHAIRMAN: Order! The Hon. R. S. L. Jones indicated during the second reading debate that he will not move his amendments.

The Hon. Dr A. CHESTERFIELD-EVANS [5.18 p.m.]: I move my amendment No. 7:

No. 7 Page 9, schedule 1 [10], proposed section 38A. Insert after line 35:

(7) Despite any other provision of this Act, a group of customers may negotiate a common retail tariff with a retail supplier for the purposes of entering into, or amending, negotiated customer supply contracts between the retail supplier and members of the group.

This amendment provides that a group of customers may negotiate a common retail tariff with a retail supplier for the purposes of entering into, or amending, negotiated customer supply contracts between the retail supplier and members of the group. In other words, a group of small customers—for example, owners in a block of units—may band together and say, "You can have all of us, or you can have none of us" and by that means obtain from a retailer a better deal than they would obtain if they were all individual customers. The object of the amendment is to effectively allow customers to form buying groups. I fear that such groups may otherwise be in breach of the Trade Practices Act, although I am not certain of that. Perhaps the Minister is able to provide a guarantee that buying groups would not be in breach of the Trade Practices Act. However, if the legislation were simply to provide for buying groups of small customers, that might encourage such groups and give consumers a better deal.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.19 p.m.]: I am again advised that currently under the Act these aggregation arrangements can take place, subject to customers being eligible to take supply on a negotiated basis. For that reason it does not appear that the Hon. Dr A. Chesterfield-Evans' amendment serves any purpose.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.19 p.m.]: Whilst the amendment is commendable, I understand that local government can already do what is proposed in the amendment. The Minister's comments have cleared up any uncertainty.

Amendment negatived.

Ms LEE RHIANNON [5.20 p.m.]: I move Greens amendment No. 1:

No. 1 Page 11, schedule 1 [10], proposed section 40. Insert after line 16:

(h) the minimum proportion of electricity supplied under the contract that is to be sourced from a renewable supply,

The CHAIRMAN: Order! Copies of the amendment have not been circulated. The sitting will be suspended to allow that to be done.

[*The Chairman left the chair at 5.21 p.m. The Committee resumed at 5.27 p.m.*]

Ms LEE RHIANNON [5.27 p.m.]: This amendment will allow for a percentage of electricity to be sourced from renewable energy. I am disappointed that the Government does not support the amendment. If it did, that would give substance to the green hue that the Government periodically attempts to pull around itself. I have periodically worked in renewable energy. Not long ago alternative energy was a fringe issue but now it is most definitely mainstream.

I am surprised that the Government does not use every opportunity to promote it, both as a way of bringing clean, green energy to the State and also as a way of winning brownie points for itself. I note that the standard form customer contract is to be effected by regulations and that the Government can determine the proportion of renewable electricity supplied. We believe this should be a minimum of 2 per cent. We felt that it was not appropriate to impose that figure in the amendment, but we flag that 2 per cent is the proportion of power that the Federal Government is requesting the electricity industry to generate from renewables.

The Greens have not stated a figure but we believe that it is worth having a provision of the type envisaged by the amendment. By including a provision of that type, the Government could set a rate at zero per cent and later, when the climate is right, the provision could be developed. I look forward to the discussion during this Committee stage and to hearing from the Treasurer, who I hope will comment on the issue of renewable energy and how he sees that concept within the framework of the delivery of electricity within the State of New South Wales.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.30 p.m.]: The Government will not support the amendment moved by Ms Lee Rhiannon. Honourable members should be aware that this bill is not about greenhouse gas emissions: it is about consumer protection. The proposed amendments, including this one, moved by Ms Lee Rhiannon require the Independent Pricing and Regulatory Tribunal [IPART] to have regard to additional matters relating to greenhouse gas emissions when making a determination. At a practical level, the proposed amendments would be very difficult to administer by IPART, given the difficulty of calculating the impact of regulated retail tariffs on greenhouse gas emissions.

The level of IPART pricing affects the consumer's desire to consume electricity. Obviously, higher prices reduce consumption of greenhouse gases. If IPART were to consider the emissions' impact, that may lead to IPART determining a higher regulated retail tariff. Consequently, small retail customers—that is, the most vulnerable customers—would be required to bear higher electricity charges. I should also point out that licence obligations currently require retail suppliers to develop strategies for purchasing energy from sustainable sources. This bill is quite clearly about consumer protection measures and the matters referred to by Ms Lee Rhiannon are already contained in other parts of the legislation.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.31 p.m.]: The Opposition does not support this amendment, nor does it support the other Greens amendments. The imposition of a minimum proportion of electricity supplied under a contract without stipulating a figure is strange, almost quaint, but the fact is that IPART has specific goals, one of which is looking after consumers. Frankly, in seeking to protect consumers in this instance, given that renewable energy is more expensive than are other forms of energy—without entering into an argument because, clearly, renewable energy is better in spite of its generation being more expensive—the amendment becomes a joke. Clearly, IPART will deliver electricity at an absolute minimum cost because its charter under this bill is to supply energy at a minimum price to consumers, or at least at a cost that is in the bottom range. The Greens amendment is a valiant attempt, but it is directed entirely at the wrong part of the wrong bill.

The Hon. Dr A. CHESTERFIELD-EVANS [5.33 p.m.]: The Australian Democrats support this amendment because we believe that it is an attempt to incorporate a minimum level of sustainable energy generation into the supply of electricity. The Australian target of 2 per cent is almost derisory when it is remembered that Europeans are talking about 10 per cent in spite of having more limited opportunities for the generation of energy from renewable resources than has Australia, especially from sunlight. Australian targets are very disappointing and it is also disappointing that this Government does not include at least a minimum level of electricity supply from renewable sources.

Bearing in mind that the Greens have not specified a level, the amendment is rather mild. The Greens have simply suggested that there should be a level of electricity supply from renewable sources and that gives the Government a great deal of scope to show its credentials. The Treasurer's response related more to some of the other Greens' amendments than it did to the amendment presently being discussed and I thought his very

generic answer was very interesting. The suggestion of not dealing with greenhouse gas emission reductions because this provision relates to consumer protection should be considered against the background of the many economic signals that are being sent by this bill.

In order to effect policy, it is not good enough to simply state that the legislation contains only consumer signals and not signals for the reduction of greenhouse gas emissions, which are not the main theme of this bill and which are dealt with in other legislation. That is not a satisfactory response because either the Government is sending economic signals, or it is not. The amendment simply states that this bill should send a renewable resource signal and the Greens have not said how big the signal has to be. That is about as moderate a position as the Greens could possibly take and it is disappointing that neither one major party nor the other will support the amendment.

Reverend the Hon. F. J. NILE [5.34 p.m.]: The Christian Democratic Party does not support the amendment, because we understand, as has been stated by other honourable members during this discussion, that the purpose of the bill is to allow all electricity consumers the right to choose their retailers, while offering consumer protection to all customers who want it. The bill also seeks to establish by regulation a category of smaller retail customers so that they can be covered by a range of consumer protection measures. The whole thrust of the bill is consumer protection. Even though the Greens amendments may have value, this is not the correct legislation in which to incorporate them, particularly as this bill focuses on small retail customers. If these amendments were accepted, how would they apply to large businesses and other organisations that have already been covered by previous legislation? Acceptance of this amendment would lead to the establishment of a double standard.

Amendment negatived.

The Hon. Dr A. CHESTERFIELD-EVANS [5.36 p.m.]: I move Australian Democrats amendment No. 8:

No. 8 Page 11, schedule 1 [10], proposed section 40. Insert after line 18:

(2) A standard form customer supply contract must make provision for the repurchase of any surplus energy generated by the customer using green energy sources (as defined by the Sustainable Energy Development Authority) at a price not less than the price determined for the purposes of this subsection by the Tribunal.

The purpose of this amendment is to ensure that the legislation contains a requirement to purchase surplus energy that has been generated by the customer using green energy sources, as defined by the Sustainable Energy Development Authority [SEDA], at a price not less than that determined for the purpose of this clause by IPART.

Basically this amendment means that if people have photovoltaic cells on their roof and have invested in the purchase of equipment by utilising a subsidy—which, in some cases, has come from the Australian Greenhouse Office—with the intention of selling electricity back to the grid, and if the competitive market were such that managers at Energy Australia—which, to its credit, has been running schemes like this—decided, because of the pressure of competition, that it would not buy back electricity, any surplus energy produced by the photovoltaic equipment would not be purchased by that electricity supply authority or would be purchased at a derisory price. In those circumstances, the subsidy given to consumers and others who, hopefully, want to do their bit for Australia's greenhouse effort by investing in photovoltaic cells will have been wasted.

The Australian Democrats support the previous call by the Greens for IPART to set a price, which need not be the same as the amount shown on electricity meters. Most photovoltaic cells generate during the daytime when there is not a huge demand, whereas the peak load is during the evening. If the cells are generating at a time when there is not a huge demand the price may be a mean or statutory price and may be purchased at a rate that is slightly less than the price for which the supply company sells electricity. That is fair enough. Nevertheless, a price should be set by the tribunal.

If some retailers are short on greenhouse brownie points, hopefully at some future date the Government might set an enforceable target for greenhouse emission reduction levels—although it chose not to, during the vote on the previous amendment. The supply company may then wish to pay a higher price for the consumer's surplus electricity than the minimum price set by IPART in order to meet a percentage or target of power generated by the use of sustainable resources. In those circumstances, the supply company may wish to bid that up. The amendment principally provides the electricity supply company with an obligation and then proposes that a fair price be set by IPART. I ask honourable members to support the amendment.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.38 p.m.]: The Government will not support Australian Democrats amendment No. 8. I should point out that nothing in the bill precludes customers from entering into repurchasing arrangements with a retail supplier, but I think it has to be kept in mind that this legislation extends contestability to the smallest-scale consumer, if the consumer seeks to become a contestable customer.

It would be impractical for very small customers who have a solar device on a roof to sell whatever skerrick of energy is left over back into the grid. As a matter of commonsense that would be almost impossible. It would be a huge administrative burden and I believe the costs would be immense. Honourable members should bear in mind that the amendment would require that sort of arrangement for the very smallest of retail customers.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.40 p.m.]: The Opposition does not support the amendment, but not for the reasons given by the Treasurer. The repurchase of surplus energy is already happening to a limited extent in New South Wales. However, I am concerned that, with the introduction of full contestability, our retailer and generator customers outside of New South Wales will not adhere to this amendment.

The Hon. Dr A. CHESTERFIELD-EVANS [5.41 p.m.]: I am concerned about the reasons given by the Deputy Leader of the Opposition for not supporting this amendment. Effectively he is saying that we will not win the race to the bottom. He is saying that our retailers may be disadvantaged by having to do something about the greenhouse effect when other States may not do anything.

The Hon. D. J. Gay: That is not what I said.

The Hon. Dr A. CHESTERFIELD-EVANS: That is the consequence of what the Deputy Leader of the Opposition said. I am disappointed, because other States should be following this example.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.41 p.m.]: I am further advised, as honourable members have pointed out, that some households already sell excess power into the grid. The amendment moved by the Hon. Dr A. Chesterfield-Evans would mean they would need a retail licence to do so.

Amendment negatived.

Ms LEE RHIANNON [5.42 p.m.], by leave: I move Greens amendments Nos 2 and 3 in globo:

No. 2 Page 14, schedule 1 [17], proposed section 43EB. Insert at the end of line 19:

, and

(c) to any increase or decrease in the emission of greenhouse gases that it calculates will result from the determination, and

(d) to any increase or decrease in competition by sustainable energy production technology that it calculates will result from the determination.

No. 3 Page 14, schedule 1 [17], proposed section 43EB. Insert after line 32:

(5) A determination may require that a standard retail supplier not impose a tariff or charge that is the subject of a determination under this section unless the supplier complies with, or agrees to comply with, specified requirements, including (without limitation) any of the following requirements:

(a) a requirement that the charge or tariff be notified to the Tribunal or to another person in a specified manner and within a specified time,

(b) a requirement that the charge or tariff must first be approved by the Tribunal and that the supplier must comply with any conditions to which any such approval is made subject,

(c) a requirement that the charge or tariff be independently audited as directed by the Tribunal,

(d) a requirement that the supplier submit an annual report to the Tribunal, reporting on the matters and in the form required by the Tribunal,

(e) a requirement that the supplier implement such systems and processes as the Tribunal may direct.

These two amendments relate to the tribunal determining regulated retail tariffs and regulated retail charges. Amendment No. 2 adds paragraphs (c) and (d), to which the tribunal must have regard. The tribunal would need to have regard to any increase in the emission of greenhouse gases and any increase in competition by sustainable energy production technology that it calculates will result from its determination. Obviously, by the thrust of our amendments, we consider it important to have clear regard to these matters. It is proper for the tribunal to delve into this area. I am aware that the Government will not support these amendments. We are constantly told the bill is about consumer protection. I suggest that a narrow definition of "consumer protection" is being given here. The best way to give protection to consumers is by taking every opportunity to promote renewable energy.

The Hon. Dr A. CHESTERFIELD-EVANS [5.44 p.m.]: The Australian Democrats distinguish between the two amendments. We support the concept of Greens amendment No. 2. However, my consultant informs me that he needs a new car and this amendment will help him get one. While it is desirable to calculate the amount of greenhouse gases that would result from a determination of the Independent Pricing and Regulatory Tribunal, the methodology of the calculation is extremely difficult. My consultant would be able to buy a new car with the consulting fees generated by this amendment. In that regard he thinks the amendment is a good idea, but methodologically he considers it is too difficult. Although the thrust of the amendment is supported, the practicalities are too difficult. We do not support the amendment, but we support its intention. We do not have a problem with amendment No. 3.

Amendments negatived.

Ms LEE RHIANNON [5.45 p.m.]: I move Greens amendment No. 4:

No. 4 Page 15, schedule 1 [17], proposed section 43EC. Insert after line 6:

(2) The determination is to include a statement of:

(a) the amount of any increase or decrease in the emission of greenhouse gases that the Tribunal has calculated will result from the determination, and

(b) the amount of any increase or decrease in competition by sustainable energy production technology that the Tribunal has calculated will result from the determination.

This amendment ensures that a notice is published in the *Government Gazette* which notes the impact that retail tariffs and regulated retail charges determination will have on greenhouse gas emissions and other competitiveness of the renewable energy production industry. The amendment adds these two factors to the matters to be published in the *Government Gazette*. The amendment will provide more accountability and openness about these measures. I commend the amendment.

Amendment negatived.

The Hon. Dr A. CHESTERFIELD-EVANS [5.46 p.m.]: I move Australian Democrats amendment No. 9:

No. 9 Page 19, schedule 1 [17], proposed section 43EK, lines 18-28. Omit all the words on those lines. Insert instead:

(a) to maintain the viability of standard retail suppliers who supply electricity at regulated retail tariffs, and

(b) to fund public benefit activities prescribed by the rules, and

(c) to be transparent in its operation.

This amendment is designed to improve the objectives of the retail tariffs equalisation fund. It will be required to maintain the viability of standard retail suppliers who supply electricity at regulated retail tariffs, to fund public benefit activities as prescribed by the rules—which will be defined by the Government in the regulations—and to be transparent. Transparency of the operation of the fund is extremely important. As I outlined in my second reading speech, the fund, as constituted, lacks transparency.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.47 p.m.]: The Opposition is persuaded by part of this amendment. We agree with paragraph (a), with slight changes, and with paragraph (c). However, paragraph (b), which states, "to fund public benefit activities prescribed by the rules", is well outside the ability of the fund. The fund will have enough trouble getting the numbers right without having to take on matters that are well and truly outside its ability and charter. Although the Hon. Dr A. Chesterfield-Evans has done a great

deal of work on this amendment, the Opposition proposes an amendment to his amendment, which we have circulated. In paragraph (a) we change "viability" to "ability" and "who" to "to", we omit paragraph (b) and leave paragraph (c) as it is. Therefore, I move the amendment to the amendment as follows:

Page 19 , schedule 1 [17] proposed section 43EK, lines 18-28. Omit all words on those lines. Insert instead:

(a) to maintain the ability of standard retail suppliers to supply electricity at regulated retail tariffs, and

(b) to be transparent in its operation.

I hope that honourable members will support this amendment to the amendment.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.50 p.m.]: The Government has no problem with the amendment to the amendment moved by the Deputy Leader of the Opposition, but I really think that this amendment should be moved as a separate Opposition amendment.

The Hon. D. F. Moppett: How do you define the word "transparent"?

The Hon. M. R. EGAN: It is one of those buzz words. The Government has no problem with the amendment moved by the Deputy Leader of the Opposition but I think he moved it as an amendment to the amendment of the Hon. Dr A. Chesterfield-Evans. The Committee should vote against Australian Democrat amendment No. 9 and the Deputy Leader of the Opposition should then move his amendment.

The Hon. D. J. Gay: I will move it at the same time.

The Hon. M. R. EGAN: Will the Hon. Dr A. Chesterfield-Evans withdraw his amendment?

The Hon. Dr A. Chesterfield-Evans: I will accept the amendment moved by the Deputy Leader of the Opposition to my amendment.

The Hon. M. R. EGAN: The Opposition's amendment is not an amendment to the amendment moved by the Hon. Dr A. Chesterfield-Evans. Therefore the honourable member should withdraw his amendment and accept the Opposition's amendment.

The Hon. Dr A. Chesterfield-Evans: Is the effect not the same?

The Hon. M. R. EGAN: The effect is the same. However, because of the terms of the amendment moved by the Deputy Leader of the Opposition there is no way in which that amendment will amend the amendment moved by the Hon. Dr A. Chesterfield-Evans. The Hon. Dr A. Chesterfield-Evans should withdraw his amendment and the Deputy Leader of the Opposition should then move his amendment.

The Hon. D. J. Gay: My handwritten amendment referred to lines 18 to 28. The amendment should, in fact, refer to lines 18 to 21.

The Hon. Dr A. CHESTERFIELD-EVANS: [5.51 p.m.], by leave: I withdraw Australian Democrat amendment No. 9.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.52 p.m.]: I move Opposition amendment No. 9:

No. 9 Page 19, schedule 1 [17] proposed section 43EK, lines 18-21. Omit all words on those lines. Insert instead:

(a) to maintain the ability of standard retail suppliers to supply electricity at regulated retail tariffs, and

(b) to be transparent in its operation.

I acknowledge that this amendment is based on the work done by the Australian Democrats.

Amendment agreed to.

The Hon. Dr A. CHESTERFIELD-EVANS: [5.52 p.m.]: I do not propose to move Australian Democrats amendments Nos 10, 11, 12 and 13.

Ms LEE RHIANNON [5.53 p.m.], by leave: I move Greens amendments Nos 5 and 6 in globo:

No. 5 Page 22, schedule 1 [17], proposed section 43EO. Insert after line 22:

(3) The Treasurer must ensure that rules are in force under this section that provide that the following procedures must be complied with in connection with the making of a payment to or from the Fund:

(a) a payment is not to be made until the Treasurer has caused notice of the proposal to make the payment to be published in the Gazette, specifying to whom or by whom the payment is proposed to be made and whether any amount is proposed to be paid into the Consolidated Fund,

(b) the notice of the proposal must include a statement of:

(i) the amount of any increase or decrease in the emission of greenhouse gases that the Treasurer has calculated will result from the payment, and

(ii) the amount of any increase or decrease in competition by sustainable energy production technology that the Treasurer has calculated will result from the payment,

(c) the notice of the proposal must invite comment on the proposal and the Treasurer must consider any comments received in response to that invitation,

(d) the Treasurer must, by a further notice in the Gazette, indicate whether those comments were accepted or rejected and give the Treasurer's reasons for accepting or rejecting them,

(e) the Treasurer is to cause notice of all payments into and from the Fund to be published in the Gazette within 14 days after they are made, with the notice stating the amount paid, to whom or by whom it was paid and whether any such payment was into the Consolidated Fund.

No. 6 Page 23, schedule 1 [17], proposed section 43EO. Insert after line 20:

(9) A copy of the rules approved under this section, as in force for the time being, is to be published on the Government's Internet web page, together with copies of all notices published under subsection (3) (e).

Amendment No 5 will ensure that the dealings of the Electricity Tariff Equalisation Fund are transparent—something that is badly needed, something to which the Government is committed, and something that must be locked in. The Government has broad powers in relation to the fund. The amount of money involved in the fund would be about $100 million a year under current electricity pricing. Minor price increases in electricity will result in that fund increasing to many hundreds of millions of dollars. We need proper scrutiny and oversight of this process.

The amendment outlines a range of procedures with which the Treasurer would then have to comply in connection with the making of a payment to or from the fund. I strongly commend amendment No. 5 to the Committee. Amendment 6 will provide access to information by the public other than through the *Government Gazette*, and in a more accessible manner. It will ensure that information is available on the Internet. That neat package of two amendments will result in more information being made available and the whole process being made more transparent. I commend both amendments to the Committee.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.54 p.m.]: The Government may well be able to accept most of Greens amendment 5.

The Hon. Dr A. CHESTERFIELD-EVANS: [5.55 p.m.]: I support Greens amendment 5, with the exception of proposed subsection 3 (b). As I said earlier in Committee when we were debating Greens amendment 2, this amendment will present industry with the same problem: the methodological quantification of the implications of the change in tariffs on greenhouse gas emissions. If proposed subsection 3 (b) of amendment 5 is deleted, the Australian Democrats will accept and support the amendment. I move:

That amendment No. 5 be amended by deleting paragraph (b).

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.56 p.m.]: The Government cannot support the amendments moved by Ms Lee Rhiannon. When I was speaking earlier the numbers to which my notes refer were different from the numbers that applied to the Greens amendments, so I was actually speaking to something different. I am advised that the proposed amendments are not practical as they will delay the process of payments into and out of the fund. As a consequence, this will expose the fund to the additional risks that it was designed to avoid.

These payments have been designed to occur within the national electricity market settlement process, which operates within a strict time frame. For example, retailers may receive only two days notice of a requirement to make payments to the fund. The measures proposed would necessitate significant administrative resources to support their implementation. Of course, transparency in the operation of the fund will be achieved by the Auditor-General's scrutiny under the Public Finance and Audit Act. Greens amendment 6 seeks to ensure that the rules for the fund are made public. The Government is willing to support that amendment, subject to the removal of the reference to proposed subsection 3 (e) in Greens amendment 5. So the Government opposes proposed subsection 3 (e) in Greens amendment 5.

The Hon. D. J. Gay: Why do you oppose proposed subsection 3 (e)? It is the most sensible part of the amendment.

The Hon. M. R. EGAN: Proposed subsection 3 (e) states:

> (e) the Treasurer is to cause notice of all payments into and from the Fund to be published in the Gazette within 14 days after they are made, with the notice stating the amount paid, to whom or by whom it was paid and whether any such payment was into the Consolidated Fund.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [5.58 p.m.]: That is not slowing up anything. It is transparency and accountability. I would like to hear what the Treasurer has to say about Greens amendment 5, especially when we take into consideration that proposed subsection 3 (e) states:

> (e) the Treasurer is to cause notice of all payments into and from the Fund to be published in the Gazette within 14 days after they are made, with the notice stating the amount paid, to whom or by whom it was paid and whether any such payment was into the Consolidated Fund.

I accept the concerns expressed earlier by the Treasurer and the Hon. Dr A. Chesterfield-Evans relating to payments and to greenhouse gas emissions. However, this is a sensible amendment to the bill. So far as I can see it is all about accountability and transparency and it will not inhibit the operation of the fund. I will be interested to hear the Treasurer's reply.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.59 p.m.]: I am advised that the information in subsection 3 (e) of Greens amendment 5 would be information that the Auditor-General would need to report on each year anyway, so I am not sure what public purpose subsection 3 (e) is meant to serve, particularly in view of the administrative nightmare it would create. Although the Government will not support Greens amendment 5, I have indicated that the Government would support Greens amendment 6 if reference to subsection 3 (e) were deleted, so that the Greens amendment 6 would read:

> (9) A copy of the rules approved under this section, as in force for the time being, is to be published on the Government's Internet web page.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [6.00 p.m.]: Would the Auditor-General publish all information or only the information in relation to which the Auditor-General believes there is a discrepancy or a problem? I would be pleasantly surprised if the Minister indicated that the Auditor-General would be publishing all the information.

The Hon. M. R. Egan: No, I would not suggest that the Auditor-General would report on each individual payment that was made.

The Hon. D. J. GAY: That was the inference.

The Hon. M. R. EGAN [6.01 p.m.]: No. Certainly total payments into and from the fund in any one year to or from a retailer would be included in the accounts that the Auditor-General would audit. The notion that every time a payment is made into or out of the fund it has to be published in the *Government Gazette* within 14 days would be administratively quite burdensome and I am not sure what public purpose would be served by it.

Ms LEE RHIANNON [6.02 p.m.]: Thank you for that clarification. The Greens would be willing to remove paragraph (b) from amendment 5 because the Coalition has indicated that without those words the measure deserves support. Regarding paragraph (e), will the Treasurer provide more information? On the one hand he said it already happens and on the other hand he said it would be an administrative nightmare. That is contradictory. If the information is there, why is it an administrative nightmare?

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [6.03 p.m.]: Payments into and out of the fund would obviously form part of the financial statements of the retailers, which are produced and audited every year. Greens amendment 5 not only seeks to ensure that rules are in force, it details some rather micro management procedures which need to be complied with in connection with the making of a payment to or from the fund. Under this proposed amendment a payment cannot be made until I have caused notice of the proposal to make the payment to be published in the *Government Gazette*, specifying to whom or by whom the payment is proposed to be made and whether any amount is proposed to be paid into the Consolidated Fund.

The Hon. D. J. Gay: It is a copy of what you have done.

The Hon. M. R. EGAN: What do you mean by what I have done?

The Hon. D. J. Gay: It is a copy of money that was transferred. It is not a huge amount of bookwork.

The Hon. M. R. EGAN: Do you want to try and jump over the files I have to go through every week? This is just nonsense.

The Hon. Dr A. Chesterfield-Evans: You should have a more streamlined procedure, Minister.

The Hon. M. R. EGAN: I would expect that sort of comment from a buffoon.

Ms LEE RHIANNON [6.04 p.m.]: In view of the discussion, I ask that Greens amendments Nos 5 and 6 be dealt with seriatim.

Amendment of amendment No. 5 agreed to.

Greens Amendment No. 5 as amended agreed to.

Ms LEE RHIANNON [6.06 p.m.]: I note the comments of the Treasurer about the possibility of the Government supporting Greens amendment 6 with the deletion of all words after "web page". Therefore, I seek leave to remove all words after the words "web page".

Leave granted.

Amendment amended.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [6.06 p.m.]: The Government will support the amendment with the exclusion of those words. The Deputy Leader of the Opposition asked me to guarantee that the financial statements of the fund will be audited by the Auditor-General. I can give that guarantee. He will audit those as he would audit the financial statements of any agency or fund of government.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [6.07 p.m.]: There may have been some confusion. I asked that those earlier details be examined and published in the Auditor-General's report rather than being done on a weekly basis.

The Hon. M. R. Egan: I do not imagine that the Auditor-General would necessarily report on all payments into and out of the fund.

The Hon. D. J. GAY: It is just a matter of publishing something that is provided to him.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [6.08 p.m.]: Do you think that every time there is a payment into or out of the fund that those administering the fund will write a note to the Auditor-General saying, "Today at 10.30 a.m. we received a payment and last week at 4.15 p.m. we made a payment"?

The Hon. D. J. Gay: You know that is patently silly. You are being farcical.

The Hon. M. R. EGAN: That is what this is calling for; it is what this is all about. It is farcical, but anyway it has been defeated.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [6.08 p.m.]: Further to the discussion that the Treasurer and I had, at the end of the year the details of the transactions that are conducted in and out will be presented to the Auditor-General. I made a simple request that he publish his report and the details of those transactions in and out that have been supplied to him.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [6.09 p.m.]: Would the Deputy Leader of the Opposition tell me the purpose of providing almost day-by-day information, so that I can at least consider a response? I am not quite sure what purpose is served by that.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [6.09 p.m.]: Obviously it is about accountability and transparency, to enable one to see clearly how particular operations are conducted for the people of the State. If, as the Government says, it works perfectly well and there are no problems, that will highlight that I am wrong. However, if there are problems, they will become transparent and will be highlighted to the taxpayers of New South Wales at an earlier stage.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [6.10 p.m.]: The Auditor-General can report in any way he chooses to report. He can report with a one line statement or with an extensive report. It would be like saying that when auditing and reporting on the financial statements of Sydney Water the Auditor-General should have a list of every payment made to and received by Sydney Water, which would be clearly ludicrous.

The Hon. D. F. Moppett: A cash flow statement.

The Hon. M. R. EGAN: A cash flow statement is different. It is not a list of all payments in and out.

The Hon. D. F. Moppett: But it should be.

The Hon. M. R. EGAN: It is an in globo statement.

The Hon. D. J. Gay: You know quite well it is not a summary of paper clips or petrol provided to cars. They are payments in and out to balance the Electricity Tariff Equalisation Fund.

The Hon. M. R. EGAN: The Auditor-General would have to tick off on that in certifying the accuracy of the financial report of the fund. Does the Chairman understand that?

The CHAIRMAN: I do.

Ms LEE RHIANNON [6.11 p.m.]: It is interesting when one gets down to tin tacks that the matter the Treasurer is making out to be a problem is not a problem in modern accounting procedures. We are discussing proposed subsection 3 (e)—

The Hon. M. R. Egan: We have gone past that.

Ms LEE RHIANNON: With all due respect, that is what the Treasurer and the Deputy Leader of the Opposition have been debating, and it is fair for me to enter the debate. That proposed subsection refers to specific information being made available. I emphasise that with modern accounting procedures in both Excel and Lotus these days as the industry standards, that information is available at the push of a button. This problem is not about making information available but, as we so often face, it is about a lack of political will and commitment to transparency and to share with the public what is going on. I just want to bring this matter back to tin tacks: It is not a problem about accounting.

Greens amendment No. 6 as amended agreed to.

The Hon. Dr A. CHESTERFIELD-EVANS [6.13 p.m.]: I move my amendment No. 14:

No. 14 Page 42, schedule 1 [56], proposed section 96B. Insert after line 14:

(7) An electricity industry ombudsman under an approved electricity ombudsman scheme must report to the Minister annually as to complaints under the scheme and actions taken in response to complaints. The Minister must cause the reports to be published.

This amendment ensures that there will be an electricity industry ombudsman who will report annually and that the Minister will publish the reports.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [6.13 p.m.]: This amendment should be supported. I spoke to the staff of the Minister, who assured me that the Treasurer would indicate where this would appear in the regulations. I listened carefully to the Treasurer and he referred to that, unlike other matters that I asked for.

Amendment negatived.

The Hon. Dr A. CHESTERFIELD-EVANS [6.14 p.m.]: I move my amendment No. 15:

No. 15 Page 44, schedule 1. Insert after line 8:

[64] Schedule 2, clause 8 (1A) and (1B)

Insert after clause 8 (1) of schedule 2:

(1A) If the holder of a retail supplier's licence contravenes a condition of the licence of a kind referred to in clause 6 (4) (a), such a contravention being established by the contents of an annual report published by the retail supplier as referred to in clause 6 (4) (d):

(a) the retail supplier must pay a penalty of $10 per tonne of carbon dioxide equivalent emissions per year for every tonne by which the emissions arising from the production of electricity supplied by it (as measured and reported in accordance with the methodology referred to in clause 6 (4) (d) (ii)) exceeds the retail supplier's annual greenhouse gas emissions benchmarks referred to in clause 6 (6) (a), and

(b) it is a further condition of the retail supplier's licence that any penalty arising under paragraph (a) must be paid within 6 months after the date on which the annual report is published.

(1B) Any penalty under subclause (1A) is to be paid into the Sustainable Energy Fund referred to in section 23 of the *Sustainable Energy Development Act 1995*.

The benchmark referred to in proposed paragraph (a) means that retailers will have an obligation to have a certain amount of green energy, and if it is not met, the penalty is $10 per tonne. That will favour the buying of their energy from cleaner sources. Far be it for me say that New South Wales black coal is cleaner than Victorian brown coal, but if there were any effect on the market New South Wales greener generation would be favoured over Victorian generation. But the intention of the amendment is to make sure that if the targets which have always been ignored are not met penalties will be imposed, and it feeds into a market system.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [6.16 p.m.]: The Australian Democrats amendment is much better than the Greens amendment because the Democrats have actually gone to the retailer rather than the supplier. They have not inadvertently disadvantaged New South Wales generators against other States. Having said that, the Opposition will not support this amendment because it is quite clearly outside the leave of the bill. To try to put something like that in what is basically a fairly good bill runs the risk of destroying the whole bill.

Amendment negatived.

Schedule 1 as amended agreed to.

Schedule 2 agreed to.

Title agreed to.

Bill reported from Committee with amendments and passed through remaining stages.

NATIONAL PARK ESTATE (SOUTHERN REGION RESERVATIONS) BILL

Second Reading

Debate resumed from an earlier hour.

Reverend the Hon. F. J. NILE [6.18 p.m.]: Before debate on the National Park Estate (Southern Region Reservations) Bill was adjourned, earlier I had spoken about the number of timber reservations included in the bill. That will provide job certainty, and will allow employers, particularly those in the timber and related industries, to upgrade their machinery. There is some concern that plantations could be included accidentally in

the continuous 350-kilometre forest reserve system stretching from Macquarie Pass north of Nowra to the Victorian border. I invite the Government to give an assurance that plantations will form no part of the national parks that have been set aside.

The bill provides for a shooting range, formerly on State Forest land, to be transferred under the provisions of the Forestry Act and the Crown Lands Act, to become Crown land. I assume that the shooting range will continue to operate for recreational purposes. The legislation also provides that former State Forest land which was set aside for a go-kart track will become Crown land, which will enable the go-kart track to proceed, subject to development consent.

A similar provision has been made for the revocation of six hectares of land in the Conjola National Park and six hectares in the Kangaroo Valley Nature Reserve to allow Shoalhaven City Council to construct sewage treatment plants. There is no doubt that as the population in the Shoalhaven area increases, particularly in Nowra and its surrounding suburbs, it will be necessary to provide additional sewage treatment plants. At least 30 occupational permit holders will be adversely affected by the loss of grazing enterprises. The impact of the legislation was not made clear to them. I have received two submissions, one from Access for All Incorporated, dated 28 November, dealing with the bill, signed by John Snell, Honorary Secretary. The address of the incorporation is Locked Bag 10, Braidwood, New South Wales, 2622. The submission states:

> The members of Access for All and a large number of farmers and graziers in the southern region implore you to support your National Party colleagues in opposing this Bill until it is substantially amended. The reasons are set out below.
>
> The bill proposes the resumption of a large number of 'permissive occupancy' grazing leases that constitute substantial components of the leaseholders' incomes. These leases are effectively hidden in the bill under a coding system used by the National Parks and Wildlife Service (NPWS), rather than the usual portion number system. The relevant maps showing the details are not yet available to the public, but the Government is rushing the bill through the Parliament. For most of the leaseholders, the first they knew that their leases were to be resumed was a letter from NPWS telling them it was to happen. They have had no opportunity to appeal the process. The issue of these notices coincides with the introduction of the bill into the Parliament, so they have no hope of justice in this process unless the bill is voted down or heavily amended.
>
> You should also note that the so-called contributions to conservation values these resumptions are supposed to serve have not been adequately established. The NPWS has not made available its detailed assessment criteria for these leases, nor has it divulged details of its assessment to the leaseholders.
>
> The Carr Government made no assessment of the economic and social impact of theseresumptions prior to the listing. No analysis of conservation benefits against economic and social disruptions was conducted before the listing in the Bill.

The bill seems to treat persons unjustly who hold permissive occupancy grazing leases. On the basis that special provisions exist for the go-kart track, the shooting range and the sewage treatment plant, will the Government give consideration to a special exemption to allow permissive occupancy grazing leases to continue, even if it is only on the basis that those who hold such leases take such good care of the land that they are working almost as honorary national parks officers? The small amount of grazing undertaken by these pioneering families has no detrimental effect on either the forest or the wildlife. The second submission I have received is from the Boate family of Eastwood, Jerangle, dated 22 November. The covering letter states:

> We have over the last 80 years cultivated, kept and maintained the natural environment as well as minimised the impact that feral animals have made on the land.

The family's submission, which I assume was sent to the National Parks and Wildlife Service, states:

> **RE TRANSFERRING FROM OCCUPATIONAL PERMIT FOR GRAZING IN THE STATE FOREST TO NATIONAL PARKS AND WILDLIFE SERVICE ACQUISITION.**
>
> We received a letter on the 15th September 2000 stating that our Occupation Permit 13777 for grazing in State Forest would not be renewed as eventually the land would be transferred to National Parks and Wildlife Service for management as a conservation reserve once the land has been formally gazetted by parliament and that grazing is incompatible with long term conservation goals.

The submission indicates that the occupation permit is No. 13777 and covers 1441.429 hectares of land. The submission continues:

> The area is situated on the western slopes of the GUROCK RANGE, between Slap-Up Creek in the north and Tinderry Range to the south. …
>
> This land has been continually grazed since being squatted on by William Cooper in 1848-50.
>
> We have leased this land for the past 82 years over three generations.
>
> We have only ever had a one-year renewable lease.
>
> There are two families in partnership affected by this decision.

The submission outlines why the families should continue to be allowed to graze their cattle on the land. It states that they have looked after the land, they have allowed no build-up of fuel for bushfires, and they have kept the tracks open. The submission states that the legislation will have a harmful effect on their community and their families, and that it will result in loss of income. The submission indicates particularly how the families have kept feral animals under control and states that pigs are the biggest feral animal problem in the area. Trapping and shooting are carried out on a regular basis to keep the numbers down. The submission states that wild dogs have also been a presence in the area.

As I have said, they are almost like honorary national parks officers protecting this grazing land. I ask the Government for an assurance that it will give consideration to an extension of the operating period and that it will seek to make any further adjustments if they are found to be necessary in the future. Better still, I ask the Government to arrange an exemption so that the livelihoods of those more than 30 people affected by those areas, as well as their families, are protected. We support the bill, but we make those requests of the Government.

Ms LEE RHIANNON [6.30 p.m.]: I endorse the comments of my colleague the Hon. I. Cohen in support of this bill. As my colleague explained, we wholeheartedly welcome the expansion of the number of national parks in this State. However, while the Government has worked out how to deliver more national parks, it has also worked out how to keep the logging industry content. That is achieved by the introduction of more intensive logging in native forests. That is causing great concern in communities in the south of the State. I would like to relate to the House some of that concern. It is not only the communities in the southern region that are concerned about the destruction of our forests. Surveys have shown that 80 per cent of Australians oppose intensive logging and woodchipping, and that 90 per cent of Australians want all wilderness areas completely protected. So there is great support for even more protection of areas south of Nowra.

In saying that, might I urge honourable members to bear in mind the great benefits that the beauty of our natural resources bring to that area. Hundreds of thousands of tourists who regularly visit those areas do so because of the natural beauty of the areas and the contentment they experience on their visits. My colleague the Hon. I. Cohen said that the campaign for the protection of these natural resources will continue. That campaign definitely is continuing. Last night there was a meeting at Bega by the Walk Against Woodchips, which brings together a number of organisations. I want to mention some of the work that that organisation undertook earlier this year, because that highlights the myth about the so-called division between the environment and jobs. While I know that the myth is being strongly cultivated, and that some believe it, it is now breaking down in many areas.

The Walk Against Woodchips went through the southern coastal area and parts of the Southern Highlands, including Braidwood, Batemans Bay, Moruya and Cobargo. Public meetings were held in those places. These were very interesting public events, involving representatives of greens and sawmillers, many of whom spoke, as well as representatives of the forest industry. As these proceedings continued our colleagues noted considerable support from communities, particularly workers and families, that rely on sawmills. They were saying things such as, "Well, we are still not too keen on the Greens, but we really do recognise that the woodchip industry is killing off the sawmill industry."

The Hon. D. F. Moppett: Rubbish!

Ms LEE RHIANNON: It most definitely is.

The Hon. D. F. Moppett: No-one with any knowledge of the industry would say that.

Ms LEE RHIANNON: The Hon. D. F. Moppett interjects. But many workers in the southern region know that more than 90 per cent of the timber that is logged goes to woodchipping, and that that industry not only is destructive of the environment but does not create many jobs. The workers are realising that they are losing out. Interestingly, there are now six main sawmills on the South Coast. Not long ago there were eight sawmills in that region, but two of those have closed in the past two years. They closed before the national parks were declared. That is proof that it is not the declaration of national parks that is killing off those sawmills, but that those sawmills are closing because of the unsustainable way in which the industry is being conducted. The statistics on the economics of the southern region are worth looking at. Documents that were made available at the time that the regional forest agreement was entered into by the Government show that the sawmill industry is worth about $31 million per annum. That is less than half the amount that tourists visiting national parks bring to the southern region.

It is estimated that tourists visiting national parks contribute $73 million to $91 million to the region's economy each year. But overall tourism to the southern region is worth a fantastic $911 million. Compare that to the $31 million generated by milling and wood processing operations. It is clear from that figure of $911 million how important it is to protect the natural resources and our natural heritage in southern New South Wales. Those people are visiting that part of our State to enjoy the beauty of the area. No other area along the New South Wales coast is so heavily forested. That is attributable to the hard work of the many organisations and communities to ensure those forests are protected. Those forests and the pristine ecosystems that are still in place to this day give us our beautiful clean waters and our natural and very clean lakes.

I would like to comment on another matter. I hope some of my colleagues who were interjecting will listen to these figures. Employment in the logging industry in the southern region is most interesting. I understand that the total number of mills in the region is about 22, which altogether employ some 250 people. In comparison, the plantation industry around Tumut employs about 1,300 people—in one mill alone! That is because of the value-adding processes that are in place and the efficiencies that come from bringing the whole of the plantation industry on line. It is urgent that the Government gives more support to the plantation industry on the South Coast and supports a move away from logging native forests, because that is the best way to protect the environment and to create sustainable jobs. Clearly, woodchipping in southern New South Wales has to end. I would be interested to hear the comments of my colleagues who were interjecting. I would like to know what they have to say about the fact that more than 90 per cent of the timber logged in that region ends up in woodchip. How can they justify the claim that they no doubt would make that that helps the economy of the region, when woodchipping does not involve any value-adding, employs a minimal number of people, and the woodchip is shipped out of Australia?

The Hon. M. I. JONES [6.39 p.m.]: The National Park Estate (Southern Region Reservations) Bill is a celebration of the so-called environmental protection that we will not be joining. The bill is part of the process to convert forestry to the National Parks and Wildlife Service. The Outdoor Recreation Party does not have a specific policy on logging. However, we seek always to be supportive of rural communities faced with either annihilation or extreme poverty. Minister Yeadon is handing over vast tracts of land to Minister Debus, and Minister Refshauge is doing the conveyancing—they are all jumping for left-wing joy. In his second reading speech the Minister stated:

> With this legislation there will be a continuous reserve system extending 350 kilometres from the Macquarie Pass north of Nowra, to the Victorian border.

I should like to rephrase that and simply say that it will be 350 kilometres of soon-to-be wilderness area, and the general public will be locked out from the Macquarie Pass 350 kilometres to the Victorian border. The bush has been there for thousands of years and it is very beautiful. I know the area well and I love being down there. This bill will do nothing to enhance it. In fact, it will have quite the contrary effect because the wilderness proposals are already in train. If past procedures of the National Parks and Wildlife Service are anything to go by, the process is virtually automatic. We are supposed to have public consultation. I have said many times in this place and I have said to Minister Debus that the public consultation process of nomination of a wilderness area to its declaration is a sham. The goal is set and the process is simply worked towards it.

Little or no consideration is given to anybody who protests against the objectives of the National Park and Wildlife Service. Therefore, we can only assume that the next round of wilderness proposals will follow this process and the result is a foregone conclusion. Once it is locked up as wilderness the feral animals will proliferate, as they have done in every wilderness area that has been declared so far. The measures being taken by the National Parks and Wildlife Service are totally inadequate. The scientific committee, which is rather a pretentious title, within the National Parks and Wildlife Service bit by bit is recognising various concerns—I believe the last concern was feral cats. In Sydney we do not get much media, electronic or otherwise, about these sorts of problems, but country areas do. I was in the Taree area when the scientific committee realised that there was a problem with cats. Anybody who lives in rural areas could tell you that feral cats have caused problems for a long time and are getting out of control.

Fire management practices in national parks fill me with dread. Wilderness areas are locked up and, combined with a 75 per cent decrease in hazard reduction from 1994 to 1998, the trails are overgrown through non-use. The public once enjoyed these wilderness areas and naturally kept them open by moving along the trials. Locking up these areas has impacted on the provisions of the Fire Act, which is simply not being observed within wilderness areas. By contrast, the administration of these lands, which currently are in the hands of State Forests, through knowledge of firefighting practices is absolutely excellent. Along with the Rural Fire Service, it has the best firefighting practices. Do honourable members recall the last time there was a schedule 5 fire in a

forestry area? When were there ever problems in forestry? The answer is that they have good firefighting practices. They also have good roads along which to bring in firefighting teams. The attitude of the National Parks and Wildlife Service towards fighting fires is to do it by aircraft. I am not going to argue its case, but I have noticed that the service has just bought a jet. It is nice to have a jet to fight fires! The jet has no facilities for collecting and distributing water over fires. It is to be used to transport firefighters. You cannot land a jet on a grass or dirt runway; jets have to use a proper airport.

The Hon. D. T. Harwin: What sort of jet is it?

The Hon. M. I. JONES: I do not know what sort of jet it is.

The Hon. D. T. Harwin: If it is an aero commander it can land on grass.

The Hon. M. I. JONES: According to my sources it cannot land on dirt terrain. It has been purchased to carry firefighters. I would have thought using more practical aircraft would have been cheaper because one, two or three such aircraft could have been bought for the same price as the jet and therefore could carry more firefighters. The Nadgee wilderness is a fine example of what will happen to the south-east region. The Nadgee wilderness has the heaviest fuel loads I have ever seen. It is common to see a fuel load five feet deep. I ask honourable members: If you and your family were caught in a remote area in a bushfire, would you prefer to be in an area where regular systematic hazard reduction was carried out or where there was more than 19 years of fuel build-up? The answer is: You have no right being there! Who do you think you are?

The National Parks and Wildlife Service has an income of over a quarter of a billion dollars per annum. Half is now locked up in wilderness. The people who pay that income—that is, the general public—cannot take small children, the aged, the disabled or anyone who cannot walk long distances into wilderness areas. They are denied access because motor vehicles are verboten except those of National Parks and Wildlife Service staff and their friends. I should like to tell the House something about green science. In December 1995 I had a discussion with the head of the wilderness unit in the National Parks and Wildlife Service regarding the closure of a trail called Carters Brush trail in Barrington Tops. She lectured me that the trail could not remain open because the wombats would not be able to cross over Carters Brush trail—this trail would only ever be used on a weekend with minimal traffic.

This afternoon the Hon. I. Cohen mentioned Andrew Wong from the Wilderness Society. I had virtually an identical conversation with Andrew Wong in the Deua area, which is the subject of this bill. He lectured me about allowing a five-foot dirt trail through Deua to remain in existence because it was preventing the gene pool on either side of the road from mixing. This is the second time I have heard this nonsense. I did a little research of my own to get to the bottom of this and found what it was based upon: the Tennessee Apalachian Highway Project. Animals could not cross this huge highway because it was 100 metres wide and it was fenced. Obviously this would have the potential to isolate gene pools from mixing. However, to carry that theory down to every little tiny dirt trail in a wilderness area is just rubbish.

Honourable members might find this somewhat amusing, but this nonsense is used to justify wilderness legislation and to deprive so many people of the right to go into national parks—at least 50 per cent of them—which belong to the general public anyway. I have a case study report on the effects of regional forest agreements in the southern region. I should like to read a few extracts from it. This project was jointly funded by the New South Wales and Commonwealth governments and was managed through the resource and conservation division of the Department of Urban Affairs and Planning and the forest task force of the Department of Prime Minister and Cabinet. I read the following extracts:

> Communities likely to experience significant social impact as a result of changes to forest management and land tenure include Narooma, Batemans Bay, Ulladulla, Wandandian, Tumbarumba and Tumut.
>
> Groups represented in the community workshops include chambers of commerce, the timber industry, State Forests New South Wales, shire councils, community groups, environmental groups, forest users, education, NPWS, Forest Protection Society
>
> *Case scenario: What would be the social impacts on your community if the forest areas currently deferred became reserved for conservation and other uses?*
>
> The negative impacts would be:
>
> - There is a high risk that sawmills will close which will result in the loss of direct jobs in the timber industry. It is very difficult to find alternate employment thought timber workers. The mills also employ a significant number of Aborigines and it is likely this will significantly increase Aboriginal unemployment.

- May lead to increased imports of timber. Will affect timber price. Not keeping money in the town. There is community fear the timber industry may close down.
- There will be flow-on effect from losses of jobs in the timber industry to other areas of employment in the town—a threshold effect.
- Families of people directly involved would be placed under stress, possibility of an increase in divorce and suicide.
- Ecotourism may suffer because the area would be closed to camping & tourism.
- Management of bushfire risk. Increased bushfire activity results when areas are "returned to nature". Increased risk for safety of bushfire brigade.
- More money would be needed from public purse to administer National Parks.
- Everyday users could be locked out eg 4WD, walkers and horse riders. Less agile people won't have access to more remote areas.
- Likelihood of more feral animals and noxious weeds. NPWS will need to control this.
- Loss of grazing leases in the new National Parks.

That is a report from the Federal Government and the Department of Urban Affairs and Planning, not from the Outdoor Recreation Party. However, it is one we agree with absolutely. The Government loves to bask in Olympic glory. The grand opening ceremony was spectacular and fantastic. The horses and their skilful riders set the historic scene. What could be better? What hypocrisy! The Government has systematically excluded horses and their riders from 50 per cent of national parks and made things as difficult as possible for them. The national horse trial is under constant threat. Bet your life that new wilderness areas will be proclaimed, irrespective of the so-called public consultation, because the extreme Greens are running the show now and nothing is going to stop them, least of all public opinion.

The absolute final insult to the equestrians was the slaughter of their beloved animals in the cruelest of ways in the Guy Fawkes River National Park. I have seen photographs taken by witnesses who found the horses. Contrary to the statements of the Minister for the Environment, the horses were in good condition. Their coats were shiny, they were well fed, and no bony hips or rib cages were protruding. I spoke with two eyewitnesses. The most appalling fact was that the horses were left to die in misery. Whatever rules or protocols were followed were deficient or disregarded, as they failed to protect the horses from slow, agonising death. Some were in rough areas and some were in paddocks with green grass and tyre marks on the ground, all totally contradicting the Minister's statements. This is a National Parks and Wildlife Service cover-up. The RSPCA has laid charges, as its inspectors have inspected the site. Guess what—the greenies are out in force supporting the slaughter. The Colong Foundation came out strongly supporting this dreadful act. These are the people to whom we are going to hand over this huge area of land.

I refer now to a few remarks made by a number of honourable members. When the Nadji wilderness was locked up, the Hon. I. Cohen was there. His attitude towards people who have since gone out of business due to the closing down of Taylor's Beach from normal recreation was, "You'll have to get used to it." The Hon. I. Cohen was also going on about how business has progressed around wilderness areas. The remote wilderness area national parks around New South Wales have devastated many small businesses. I suggest that the Hon. I. Cohen, and anybody else from this House for that matter, should go to places such as Rylstone, for example, and see what devastation it has caused. I would like to pay tribute to some of the members in the other place for their comments about people who have been dispossessed by this bill.

The honourable member for Monaro mentioned the Harrisons at Araluen, the Boate family of Jerangle, Caroline and Peter Ewart of Jerangle, Bruce Laurie of Wallaces Gap at Ballalaba, the Franklin family of Brindabella, John and Anne Rolfe from Nerriga, John Ingham who has property south of Braidwood, the Hardwick family from Bungarby, the Green family from Nimmitabel, Rupert Culverwell of the Kings Highway, Burbong, and Hu Gault who has property at Queanbeyan—the list goes on. These people are lessees of property generally, and their businesses will be absolutely devastated. There might be compensation for the top end of the timber industry through Col Dorber and his mates, but certainly if one goes down the scale to the timber-getters and the people driving the trucks, and so on, there is no compensation. They are left to do the best they can in areas that carry no other employment.

Everything has been focused on Tumut, and its quantity of wood has been increased, but the communities on the coastal strip that have always depended on timber have gone broke. Ms Lee Rhiannon said

that these wood mills closed down before the national parks were proclaimed. These people had no future, so why would they go out and do business, sign contracts to supply wood, when they had absolutely no hope of fulfilling those contracts? It would be ludicrous. They had to quit while they were ahead. I refer to another disturbing feature: in the southern areas of New South Wales library books that relate to sawmilling have been removed from public libraries. The libraries are linked by computer and those books are no longer available. That is very sinister. The Outdoor Recreation Party will not support this bill.

Debate adjourned on motion by the Hon. P. T. Primrose.

[*The Deputy-President (The Hon. J. R. Johnson) left the chair at 6.58 p.m. The House resumed at 8.00 p.m.*]

BANANA INDUSTRY AMENDMENT BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.00 p.m.]: I move:

That this bill be now read a second time.

The second reading speech is lengthy and has already been delivered in the other place. I seek leave to incorporate it in *Hansard*.

Leave granted.

This bill continues the Government's program of modernising the legislation regulating primary production in New South Wales. It also ensures that the legislation under which the banana industry operates complies with the State's obligations under the Competition Principles Agreement. It may help honourable members' understanding of the bill if I give a brief outline of the New South Wales banana industry and of the legislation which has been enacted to assist the industry.

New South Wales and Queensland are the major banana producing States in Australia. In New South Wales banana production occurs in two distinct coastal districts. These are located between Tweed Heads and Maclean in the north and between South West Rocks and Woolgoolga in the south. Primarily as a result of disease control problems and inconsistency in product quality, statutory powers to regulate the marketing of bananas in New South Wales were introduced in 1969. In that year the Banana Industry Act constituted the Banana Marketing Control Committee.

This Act was replaced by the current Banana Industry Act which established the Banana Industry Committee, often referred to as the BIC. The BIC is provided with wide powers to regulate and improve the quality of bananas within New South Wales. It also has the power to control the transportation and distribution of bananas to various markets in New South Wales. The BIC is empowered to impose compulsory charges on growers to fund a range of functions. These include research, pest and disease control, advertising and promotion, market information and development, education, quality assurance and industry representation.

This bill proposes amendments to the Banana Industry Act in accordance with the recommendations of the competition policy review of that Act. The review was conducted in order to fulfil the New South Wales Government's commitment under the Competition Principles Agreement. The terms of reference for the review required an assessment of whether the public benefits of the legislation establishing the BIC exceeded the costs. It also required an assessment of whether the objectives of the legislation can be achieved other than by restricting competition within the industry.

The review group, on which the banana industry was represented, carried out a very comprehensive review of the Act and considered the many activities of the BIC on a case-by-case basis. I commend the members of the review group for the thorough job that they did and for the most informative report which resulted from their work. In carrying out its review, the review group prepared an issues paper outlining the review process and the key issues to be considered.

The public were invited to make submissions to assist the review group in its deliberations and, in addition, public workshops were conducted in Murwillumbah and Coffs Harbour. In considering the benefits and costs of the Banana Industry Act, and its restrictions on competition, the review group divided the activities of the BIC into two simple categories. These were its industry service functions and its market powers. Turning first to the industry service functions of the committee, the review concluded that there was strong industry support for compulsory charge powers for industry service functions, such as research and development, and pest and disease control.

It was also concluded that these activities were an effective and efficient means of addressing industry-wide problems of "free riders" and spillovers, and that they yielded net public benefits. In accordance with this conclusion, the bill provides for the continuation of the committee's involvement in these areas, provided of course that there continues to be industry support. Industry support is assured by providing for polls of growers.

On the other hand, the review group concluded that issues such as quality control and market assurance are primarily issues of competitive market advantage. Accordingly, it is the view of this Government that the market should be allowed to either reward

> or penalise growers on quality grounds and that legislation in this area is not appropriate. Regulatory intervention is therefore unnecessary and the bill proposes to repeal those provisions of the Act which give the BIC powers over such matters. Product quality issues can be voluntarily addressed by the industry, for example by developing a quality assurance program or code of practice. Individual growers would then be free to decide whether participation in such schemes would give them a market advantage and therefore benefit their business.
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> The bill also removes the power of the BIC to regulate the transportation of bananas. The most recent transport direction expired on 14 June 2000 and there is now general acceptance by industry that banana transport should be deregulated. No other agricultural industry in the State restricts the transport of produce in this manner and the Government considers that there is no good reason why the BIC should have the power to do so. The power to regulate the transport of bananas is not the only power in the Act which regulates banana marketing.
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> Other market powers include the power to impose supply or quality controls. The review group concluded that these powers also do not yield net public benefits. It concluded that the issues these powers were originally designed to address are either no longer relevant or can be addressed by non-legislative means. As I have already mentioned, this bill provides for the removal of these powers.
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> These amendments are necessary to ensure that this Government complies with its obligations under the Competition Principles Agreement. However the Government also believes that these changes are in the best long-term interests of the banana industry in New South Wales. The bill also removes the requirement that the BIC seek approval from the Minister for Agriculture for the setting of grower charges and the allocation of its annual budget. This will provide the BIC with more autonomy and increase its capacity to respond to unforeseen industry issues and demands throughout the year.
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> One other issue that the bill addresses relates to the voting entitlements of growers. The amendments are in the nature of statute law revision and simply clarify the relevant parts of the Act. They do not have any impact on the current voting entitlement of any grower. This bill does not affect the continued existence of the BIC. It ensures that the BIC can still provide many important industry service functions to New South Wales banana growers and that the Government's commitments under the Competition Principles Agreement are fulfilled. It also restores to individual growers the freedom to make their own arrangements with respect to supply and quality control. I am confident that the bill will assist the New South Wales banana industry in maintaining its position as a supplier of competitively priced quality fruit. I commend the bill to the House.

The Hon. R. H. COLLESS [8.01 p.m.]: The purpose of the Banana Industry Amendment Bill is to alter the regulatory functions of the Banana Industry Committee to remove the anti-competitive aspects consistently with national competition policy. The provisions of the bill also remove the power of the committee to give directions as to the transportation of bananas. The bill also clarifies the provisions of the Act relating to the voting entitlements of banana growers in relation to the election of regional members of the committee.

The Banana Industry Bill was introduced in 1969, without any slip-ups, to introduce statutory powers to regulate the marketing, quality, transportation and distribution of New South Wales bananas. It also imposed compulsory charges on growers for research of disease, pest control, marketing promotion, quality assurance and industry information. The bill clarifies the voting entitlements of the Banana Industry Committee. It amends the Act to allow the Banana Industry Committee to continue compulsorily to charge the industry for research and development—an amendment with which I am sure all honourable members will agree.

However, it removes the committee's responsibility for transportation, distribution, quality and marketing of bananas. This will now be driven by market forces, as it should be. The bill also restores to individual growers the freedom to make arrangements with respect to quality and quantity of supply and control whilst taking a responsible whole-of-industry approach to research and development. The bill encompasses some important changes for the banana industry as a whole, and the Opposition will not oppose it.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.04 p.m.], in reply: I thank the Opposition for its contribution and for its support for the bill. I assume that the bill also enjoys the support of crossbench members. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

FITNESS SERVICES (PRE-PAID FEES) BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.05 p.m.]: I move:

> That this bill be now read a second time.

The second reading speech has been delivered in the other place. I seek leave to incorporate it in *Hansard*.

Leave granted.

The object of the Fitness Services (Pre-paid Fees) Bill 2000 is to protect consumers against financial loss caused by the failure of fitness centres. It builds on the financial protection presently afforded to fitness centre users under the voluntary code of practice for fitness centres by making mandatory new requirements covering pre-paid fees.Fitness centre failure and consequent consumer loss spanning some two decades led to the introduction, in July 1998, of the voluntary code which aimed to enhance consumer confidence and improve the long-term viability of signatory fitness centres by setting minimum standards of service, safety and fair trading within the fitness industry. The code is administered and promoted by the State industry body, FitnessNSW.

The bill also gives effect to the core recommendation of the independent review of the code's first year of operation which was undertaken by the New South Wales Sports Advisory Council in 1999. The review report favoured legislative reform to tighten consumer protection in respect of long-term pre-paid memberships. Responses to the review report consistently sought stronger measures of consumer protection against fitness centre failure.A major factor in the development of the proposed legislation is the Government's concern about a practice in the fitness industry of marketing low-cost, long-term pre-paid membership plans—for example, 5 years for $1,500—often sold from the building development plan. Such offers are at odds with the financial provisions of the code and their proponents have opted not to join FitnessNSW and so are not bound by the code.To its credit, the fitness industry has raised concerns about consumer protection in respect of these practices, claiming that such offers are unsustainable. Both FitnessNSW and the industry's national body, Fitness Australia, have called for the Government to make mandatory the financial provisions of the code as is the case in the Australian Capital Territory and South Australia.

This legislation is a timely initiative for the Carr Government. In recent weeks we have seen a large fitness chain placed under voluntary administration. Consequently, the viability of some thousands of pre-paid long-term memberships was thrown into question. Fortunately, the fitness chain is likely to be purchased by another group (to be confirmed 1/11/00). However, this event highlights the risk to consumers of such long-term pre-paid membership fee arrangements. Those many customers of the fitness chain who have invested in long-term pre-paid memberships narrowly missed precisely the inconvenience and financial loss that this bill addresses. The sale of this company has averted potentially huge consumer detriment and consequential loss of confidence in the fitness industry generally.

With just one-quarter of the fitness industry subscribing to the voluntary code, it has limited effect in the protection of the financial interests of fitness centre users and there is a clear need to boost consumer certainty through the introduction of special purpose legislation.The proposed legislation will reduce consumer risk by limiting pre-payment of fees to no more than the value of a single year's membership. Further, it will limit the period of pre-paid membership-renewal fees to less than the unexpired period of the lease of a fitness centre's premises unless the suppler holds proof of having disclosed this fact to a consumer in advance. It will also impose restrictions on the acceptance of pre-paid membership fees where a fitness centre has not commenced provision of fitness services.

The focus of the bill is the regulation of pre-paid fees for membership of fitness centres and not the duration of membership agreements. The existing voluntary code of practice for fitness centres does not address the length of membership covered by a membership agreement. Rather, it requires that the provider accept payment for no more than the value of a single year's membership in advance.This legislation is novel in that it adopts a different approach to other jurisdictions. The Government considered the legislative controls applied to the regulation of fitness centres in both South Australia and the Australian Capital Territory in the mid 1990s. These jurisdictions introduced mandatory codes of practice prescribed under their respective fair trading legislation. However, enforcement difficulties have recently emerged in New South Wales in respect of mandatory codes of practice. As members may recall, the retirement village industry code of practice was repealed in 1999 and replaced by new legislation. This proposed special purpose legislation addresses the problem of enforceability.

The bill contains a number of offence provisions with heavy penalties which will enable action to be taken against shonky suppliers of fitness services.Suppliers will be prevented from seeking or accepting a pre-paid fee for fitness services for a period that exceeds 12 months, whether or not the period is consecutive or cumulative. However, fitness service agreements beyond 12 months will still be allowed when the fees are paid by instalments.Seeking or accepting a pre-paid fee for services at a fitness centre that is leased where the period of the fitness service agreement exceeds the unexpired term of the lease will also be prohibited. An exception will apply where the supplier has notified the consumer in writing of the expiry date of the lease and the consumer has acknowledged that notification in writing.

The bill prevents suppliers from taking pre-paid fees within an unreasonable time before the business commences. It prohibits a supplier from seeking or accepting a pre-paid fee for services at a fitness centre if there is no intention of providing the agreed services within three months or, if the supplier is aware, or ought reasonably to be aware of reasonable grounds for not being able to provide the agreed services within three months—these circumstances also provide for automatic termination of a fitness services agreement.Notwithstanding this, in all cases the bill requires that suppliers refund a pre-paid fee for fitness services within seven days if a fitness centre has not commenced operations within three months after the date on which payment is accepted.To protect consumers' pre-paid fees, the bill requires suppliers to hold in a trust account all money received as pre-payment for fitness services at a fitness centre that has not commenced operations, until the centre commences operations.

The bill provides for the appointment of investigators and their powers of entry and inspection under the Fair Trading Act 1987 and for the issue of search warrants to investigators for the purposes of investigating contravention of the proposed Act or regulations. It is an offence for a person without reasonable cause to obstruct or hinder the execution of a search warrant. The maximum penalty for a breach of the Act is $110,000.The bill applies other enforcement provisions of the Fair Trading Act 1987 which enable the Director-General of the Department of Fair Trading to accept written undertakings from suppliers in respect of compliance with the proposed Act and to enforce such undertakings in the Supreme Court. The bill will also empower the Minister for Fair Trading and the Director-General to issue public warnings and give information in respect of the supply of goods and services.

The bill sets out circumstances where directors and managers of corporations will be liable for offences committed by corporations against the proposed Act. Proceedings for an offence will be able to be dealt with summarily before a Local Court constituted by a magistrate sitting alone or by the Supreme Court. Prosecutions may be taken and prosecuted by the director-

> general or the director-general's authorised representative.As with other legislation in the Fair Trading portfolio, the bill provides for the issue of penalty notices by certain authorised officers in respect of offences under the proposed Act. Where fees are paid in breach of the Act, the bill gives a consumer the right to sue a supplier, whether individual or corporation, for recovery of that amount.The bill does not apply to fitness service agreements entered into prior to the commencement of the legislation.
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> Unlike the voluntary code of practice, the bill does not specifically allow for pre-payment of a 12-month membership to include "one extra month at not cost". This is because it is not necessary. The bottom line of this bill is the prohibition of pre-paid fees exceeding the value of a 12 month membership. In other words, suppliers are not prevented from packaging 12-month memberships to include one month, or any other number of months, at no extra cost as a means of inducement.The proposal will address longstanding concerns about the history of, and potential for, consumer detriment where fitness centres that close abruptly leave consumers who have made significant long-term membership pre-payments, out-of-pocket. I commend the bill to the House.

Ms LEE RHIANNON [8.06 p.m.]: The Greens support this bill, the main purpose of which is to protect consumers by limiting fitness centre membership pre-payments to a period of 12 months. I am sure many honourable members have examples of knowing people who have been seriously ripped off by some of these centres, so this bill is long overdue. Currently, fitness centre users are protected only by a voluntary code of practice for fitness centres. It is clear that this voluntary code has been unable to protect consumers. The Greens are pleased that the Government has recognised the limitations of the voluntary code and has sought to mandate certain provisions.

We are curious—and perhaps the Minister may enlighten us when he speaks in reply—as to why the Government has taken so long to move on this important issue of protecting consumers. We note the comments of the industry body, FitnessNSW. Its head, Ian Grainger, was reported in the *Daily Telegraph* of 12 October 2000 as saying:

> Some centres have been making promises and taking lumps of money and not delivering.

He went on to say that the Government had stalled on having the industry's voluntary code of practice made law. However, as we note with this bill, the Government has now committed itself. The behaviour of some firms that do not subscribe to the code has led to poor consumer protection. Only 102 centres in New South Wales have adopted the industry voluntary code while another 328 have not. Some firms have offered low-cost, long-term pre-paid subscriptions for up to five years. Several of these firms have faced financial difficulty, leading to significant consumer loss.

Many honourable members will have read newspaper reports of the problems associated with the group Healthland but there have been other less high-profile failures. Again, the *Daily Telegraph* of 12 October reported that six fitness clubs have closed in the past 18 months with more than 4,000 members involved. These incidents have been of particular interest to me as a regular volunteer in my office was a member of one of the clubs that closed.

The Hon. J. J. Della Bosca: A fit Green.

Ms LEE RHIANNON: We have many fit Greens. Indeed, one of my colleagues competed in a mini triathlon in Canberra on the weekend. My daughter has told me many stories about problems with fitness centres. The volunteer in my office was told that she would not get a refund of her pre-paid fees. She was told that she could use her membership in a club on the other side of town. Obviously that is of virtually no use, because the majority of people join clubs near their place of work or home. It was very difficult for that young woman to claim the significant amount of money she pre-paid. The good news is that she finally received a refund, but it took a great deal of time and persistence on her part. Minimising the amount of money that a customer can pre-pay will minimise consumer loss and reduce any incentive to close and retain pre-paid funds. It is clear that with close to 500,000 registered gym and fitness centre members this bill is long overdue. The Greens support the bill, welcome its introduction and look forward to it coming into operation quick smart.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.11 p.m.], in reply: I appreciate the support of the Opposition and the crossbench for this bill. I thank Ms Lee Rhiannon for her contribution, and for her support of the Government's reasons for changing to a statutory framework and moving away from the previous voluntary code approach. I was surprised that she raised a mild criticism of the Government's approach and expressed concern that there had been some delay. Obviously legislation like this requires a sensible government to embark on extensive consultation.

The Government initially consulted the Sports Advisory Council approximately 12 months ago. The peak body for this industry, FitnessNSW, has advised the Minister and worked through various issues with him.

Before any new statutory regulation is introduced a sensible government undertakes an extensive consultative process, which this Government has done. Obviously the industry was satisfied because it has agreed with the Minister's position. It is obvious that this House is also satisfied, as only one member has chosen to speak in this debate. I indicate that the honourable member for Port Macquarie, Rob Oakeshott, and various members of the other place have made remarks similar to those of Ms Lee Rhiannon. I am reminded that all of us who are interested in fitness, or the lack of it, would agree with St Augustine, who said "Lord make me virtuous, but not just yet"—the same applies to fitness. I say to Ms Lee Rhiannon that at least we have now become virtuous, having not been as virtuous as we were.

Motion agreed to.

Bill read a second time and passed through remaining stages.

HORTICULTURAL LEGISLATION AMENDMENT BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.13 p.m.]: I move:

That this bill be now read a second time.

The second reading speech delivered by the Minister in the other House was lengthy. I seek leave to incorporate it in *Hansard*.

Leave granted.

The horticultural stock and nursery industry is an important industry to the New South Wales economy as a whole, and is important to many rural areas, in terms of employment and flow on effects to the local communities. This bill, the Horticultural Legislation Amendment Bill, proposes a number of important and fundamental changes to legislation supporting the nursery industry in New South Wales. The trigger for this bill was the recent review of the Horticultural Stock and Nurseries Act. This review was conducted to comply with the requirements of the national competition policy.

The review group was an inter-agency government and industry group. There were three representatives of the New South Wales nursery industry on the group—including a nursery propagator, a nursery reseller, and an orchardist as a user of nursery products. The Horticultural Stock and Nurseries Act was enacted in 1969. The review group found that even though the legislation was 30 years old, it still addressed real issues of market failure, and provided clear benefits to the nursery industry and the community. However, this group also identified a number of potential improvements to better serve the nursery industry. It made recommendations on extensive changes to the legislative framework for nursery industries in New South Wales.

This new framework includes: a repeal of the Horticultural Stock and Nurseries Act by 31 December 2000; the insertion of transitional provisions in the Agricultural Industry Services Act, to permit the nursery industry a smooth transition from raising funds under the Horticultural Stock and Nurseries Act, to raising funds under this Act; and amendment to the Plant Diseases Act, to better enable that Act to address pest and disease issues in the nursery industry. I will deal with each of these issues in turn.

The Horticultural Stock and Nurseries Act deals with a number of matters, including the registration of nursery propagators and nursery resellers; the approval of sources of propagating material, the development of certification schemes; and compulsory labelling and record keeping by nurserymen. I will concentrate on the registration provisions first, as over time, this provision has become very important to the New South Wales nursery industry. The 1969 Act says that "if a person wishes to propagate or sell horticultural stock at any place, that person must be registered as a nurseryman or a reseller in respect of that place". The annual fee for registration as a nursery propagator is $45 and for a nursery reseller, $30.

Approximately $220,000 is collected annually from registration fees. Twenty per cent goes to New South Wales Agriculture as administration, and the rest is distributed to research and development projects. The decision on how the funds are spent currently rests with the responsible Minister. The nursery industry does currently have some involvement in how the money is spent, through an advisory committee with New South Wales Agriculture and industry members, to advise the Minister, but this arrangement, which allows the industry some influence, is not established under the Act and therefore its existence is not protected by the legislation.

Some examples of the many projects successfully carried out using these funds include the plant disease diagnostic service, research into potential insect biological controls against western flower thrips, the development of disease suppressive potting mixes, and the waterworks workshops. Many of these projects are also supported financially by the Horticultural Research and Development Corporation, which collects industry funds through the pot levy. The Horticultural Research and Development Corporation have considered the registration fees as an industry contribution, which has enabled the New South Wales nursery industry to fund more projects.

From what the nursery industry have told me, the amount of applied research and the rate of uptake of new technologies in the nursery sector has steadily increased at least over the last 10 years. The industry believe that a primary factor in this is the money spent on New South Wales based projects raised through the registration fees. The review group's final report said that the

submissions they received showed substantial industry support for continuing to collect industry funds to undertake projects. However, they also acknowledged that submissions were received from a relatively small proportion of all the persons registered.

They recommended then that funds should only be collected if there was widespread industry support for it, and that this industry support should be tested through a vote. They also recommended that the nursery industry be more involved in and have more control over both the raising of funds, and then how the funds are spent. In particular, what they recommended was that an industry services committee be set up under the Agricultural Industry Services Act, to raise and expend nursery industry funds and that the nursery registration scheme, as it currently exists under the Horticultural Stock and Nurseries Act, should cease. The Agricultural Industry Services Act is relatively recent legislation. I believe there are many advantages to the nursery industry in setting up a committee under this Act to raise funds and provide services.

The nursery industry as a whole will have more direct control over things such as membership on the committee, the amount of funds raised, and the allocation of those funds to projects and activities of most concern to industry. Another benefit is improved accountability to the nursery industry. I believe that the current advisory committee has served the industry well in terms of selecting which projects to fund, but there are no formal accountability mechanisms and limited transparency in the project funding process. There is currently no annual report and there is no way for industry to remove a member if they lose confidence in them. Both of these mechanisms exist under the Agricultural Industry Services [AIS] Committee structure.

Under the Agricultural Industry Services Act, industry support is fundamental to the establishment and continuation of a committee to raise and spend industry funds. If that support is withdrawn, the committee and fund raising power ceases to exist. At this point, I feel I have to make clear that I acknowledge the achievements of the Horticultural Stock and Nurseries Act arrangements in fostering research and development. However, there were also some inequities in the system of collecting funds through registrations. The nursery industry is a diverse industry—from large-scale commercial propagators to very small-scale operations, with people propagating plants in their backyard and selling them at weekend markets.

Effectively with a flat rate registration fee, both are paying the same amount to the fund, but getting very different benefits from the projects funded. An AIS Committee will allow flexibility in the way funds are collected. I am happy to report that I have recently received a formal application from representatives of the New South Wales nursery industry, asking that the processes be initiated to establish an Agricultural Industry Services Committee for the New South Wales nursery industry. I understand that this group has been working on this proposal for some time.

However, they have expressed some concerns that the process to establish a committee will take some time and may result in a gap between funds coming under the existing registration arrangements, and the new committee arrangements. Ensuring there is no gap between the phasing out of arrangements under the Horticultural Stock and Nurseries Act and the setting up of new arrangements under the Agricultural Industry Services Act is clearly to the nursery industries benefit.

It is proposed that as a transitional mechanism, for the horticultural stock industry only, that a Agricultural Industry Services Committee be permitted to form, without first conducting a poll of constituents. I believe that there was sufficient industry support shown for a continuation of some means to raise industry funds during the review process, to permit the committee to form without a poll. This will, I believe, enable a smooth transition from the current registration scheme to the new arrangements. However, it is essential to properly test industry support for a levy.

If a committee is established without a poll, the committee will be required to conduct a poll on the rate of levy the first time it is imposed. It will not be possible for the committee to impose a levy through a meeting of constituents. The funds currently credited to the Horticultural Stock and Nurseries account are protected for the benefit of the nursery industry. This bill allows the Minister to direct the use of the funds to the benefit of the industry. So far I have focused on the registration and fund raising powers of the Horticultural Stock and Nurseries Act, but will now discuss some of the other provisions, which all primarily relate to pest and disease management in the nursery industry.

Essentially the review group recommended that the Plant Diseases Act is the appropriate legislation to deal with these matters. Particular provisions of the Horticultural Stock and Nurseries Act which dealt with pest and disease issues include: the approval of certification schemes and sources of propagating material; compulsory labelling of nursery stock for sale; and powers to prohibit propagation or sale of plant material likely to spread disease. The chief, Division of Plant Industries, has only twice approved sources of planting materials, and no certification schemes have ever been approved and gazetted. The two approved sources of planting material are the Australian Citrus Propagation Association, also known as Auscitrus, and the Murrumbidgee Irrigation Area Vine Improvement Society. They are concerned with the propagation of a limited number of species and varieties of citrus and grapes respectively.

The advantage to an approved source of planting material granted by the Horticultural Stock and Nurseries Act was that they were permitted to label their product as being 'from an approved source', while all other suppliers had to label their products as 'not form an approved source'. The industry has matured and developed since those days, when regulation was the only way to ensure good quality, disease free, planting material was sold. These schemes now have sophisticated quality management systems in place and are commercially focussed enterprises. The review group has recommended the continuation of compulsory labelling of nursery plants for better pest and disease management. They recommended that an order be made for this purpose under the Plant Diseases Act 1924. They also recommended that these orders should expire after five years to ensure they remain current.

This has required an amendment to section 28A, to incorporate a sunset clause. The review group also recommended the creation of an order under the Plant Diseases Act 1924 to prevent the sale of certain diseased stock. This bill proposes an amendment to section 5A of the Plant Diseases Act, so that an order can be made, prohibiting the sale of a class of pest or disease infected nursery stock. The final amendment is to insert a new section, section 2A, which permits an order to be made which specifies that certain provision of the Plant Diseases Act or regulation only applies to a specified pest or disease, or does not apply to a specified pest or disease.

The review group felt that this provision was necessary to ensure the Plant Diseases Act had the flexibility to address the issue relevant to the nursery industry, without becoming overly regulatory. I believe this bill provides a significantly improved system of regulation to the New South Wales nursery industry. In serious matters of pest and disease control it provides strong regulatory support in the form of the Plant Diseases Act, and in relation to providing industry services and raising funds, it allows industry greater freedom and control over the scheme. I commend the bill to the House.

The Hon. R. H. COLLESS [8.14 p.m.]: The Opposition supports the Horticultural Legislation Amendment Bill. Under the national competition policy a review of the Horticultural Stock and Nurseries Act 1969 was instigated, involving interagency government representatives as well as industry representatives. The group concluded that the original Act still addressed real issues of market failure and provided clear benefits for the nursery industry and the community. However, certain improvements were suggested. The suggestions were to repeal the Horticultural Stock and Nurseries Act by 31 December 2000; to insert transitional provisions in the Agricultural Industry Services Act to permit the nursery industry a smooth transition from raising funds under the Horticultural and Nurseries Act to raising funds under the Agricultural Industry Services Act; and to amend the Plant Diseases Act to better enable that Act to address pest and disease issues in the nursery industry.

The main features of the bill are to repeal the Horticultural Stock and Nurseries Act 1969, to amend the Plant Diseases Act 1924 to facilitate the making of ministerial orders and proclamations with respect to plant disease and pest control, to amend the Agricultural Industry Services Act 1998 to enable the Minister to establish an agricultural industry services committee under that Act in relation to horticultural stock without at first conducting a poll of its proposed constituents—a poll of constituents will be required before a levy can be imposed; and to amend the Plant Diseases Act 1924 to include a provision to ensure that compulsory labelling of nursery plants continues and that these orders should expire after five years to ensure that they remain current.

The establishment of a committee under the Agricultural Industry Services Act without first conducting a poll of constituents will make way for a smooth transition and will not interfere with current fundraising arrangements. Constituents will be consulted once the committee is formed and a vote will we made before any levy is imposed by the new committee. By including the committee and its fundraising activities formally in legislation, the spending of industry funds and the activities of the committee will be fully transparent, and committee members will be accountable to their constituents.

The proposed changes to the Plant Diseases Act 1924 will give the Minister, or an approved person, powers to prohibit propagation or the sale of plant material likely to spread disease. This gives the Minister more power to control the possible spread of disease. The Opposition consulted the nursery industry of New South Wales on this bill. The Opposition supports the bill.

The Hon. A. B. KELLY [8.17 p.m.]: As a horticulturist I support the bill. It modernises and upgrades the industry, and it assists the Minister in his endeavours in relation to horticulture. I commend the bill to the House.

The Hon. A. G. CORBETT [8.18 p.m.]: I support the Horticultural Legislation Amendment Bill but ask the Minister to provide details and assurances on some aspects of the amendments that concern me. In repealing an entire Act there are some provisions that will be lost which have not been covered in the bill. This legislation seeks to repeal the Horticultural Stock and Nurseries Act 1969 and to regulate the horticultural stock industry in accordance with the principles of national competition policy by, first, amending the Plant Diseases Act 1924 to facilitate the making of ministerial orders and proclamations in respect of plant diseases and pest control, and, second, amending the Agricultural Industry Services Act 1998 to enable the Minister to establish an agricultural industry services committee under that Act in relation to a horticultural stock industry without first conducting a poll of its proposed constituents.

The Horticultural Stock and Nurseries Act 1969 provides for the registration of certain nurserymen and resellers of horticultural stock. It also regulates the sale or propagation of certain horticultural stock and certification schemes to control and regulate the growing of a class of proclaimed horticultural stock specified in the scheme. It contains provisions for labelling, inspection and record-keeping and establishes the horticultural and nurseries account. Under the Horticultural Stock and Nurseries Act funds are raised from the industry through licence fees and the Minister has responsibility for deciding where the funds are spent. Under those arrangements, industry has had some involvement in how the money is spent through an advisory committee established outside the Act.

Repealing the Horticultural Stock and Nurseries Act abolishes licences and fees, and the register of licensed businesses and associated provisions for certificates of registration. It will then be up to the newly established Horticulture Stock Industry Committee under the Agricultural Industry Services Act to decide democratically, via a poll, whether a levy system will continue, what it should be, and where the funds should be spent.

The register of constituents is required under the Agricultural Industry Services Act. However, resellers of horticultural products will no longer be included in the register because, according to the Agricultural

Industry Services Act, they do not meet the definition of "trader" under the definition of "primary producer". Resellers currently represent more than half of the licensees under the Horticultural Stock and Nurseries Act. I had some concern that resellers, who represent a significant sector of the horticulture industry, were essentially being disenfranchised by this process, and that the resulting register would be less comprehensive and the new committee would not be fully representative of the industry. Without a comprehensive database of resellers in the industry it may also be difficult to trace back disease outbreaks.

I have been reassured by the Minister's office that the committee being set up under the Agricultural Industry Services Act will focus on the production end of horticulture, and that levies collected by that committee will be for research and development in horticultural production, not marketing. It is therefore not appropriate that resellers be included and levied, because they do not stand to directly benefit from research and development funded by the committee. The horticulture industry will seek to forge links between producers and resellers outside the legislation through other avenues such as the Nursery and Garden Industry Association. With regard to disease trace-backs, I have been assured that the existing register was not used for that purpose and that other records—for example, consignment records held by resellers—would be available to obtain the necessary information required in such an event.

Repealing of the Horticultural Stock and Nurseries Act also means that provisions for record keeping will be lost. Under the Act, every registered nurseryman and registered reseller was compelled to keep records and retain them for a prescribed period. The records had to be produced at the request of an inspector and it was an offence not to keep those records. According to the review group, the record-keeping regulation has not been enforced. The Competition Policy Review Group concluded that "labelling and record-keeping provisions of the Act were found to potentially restrict competition and retention of record-keeping provisions could not be justified". Any loss of the regulated record keeping is of concern to me, as this is vital information in case of disease outbreak for trace-back purposes. Thorough record keeping is fundamental to all quality control and quality assurance programs, which I imagine would be relevant to the horticulture industry.

New South Wales Agriculture has advised me that the industry has an accreditation scheme and a code of practice, which includes requirements for record keeping. I have not seen the code of practice, and I therefore seek the Minister's assurance that the code exists and adequately covers record keeping and quality assurance. Provisions for labelling will be carried across to the Plant Diseases Act by a notification that requires prescribed stock to be labelled with the name of the propagating nursery as well as identification of the variety of the rootstock and scion. The review group found that labelling a product to show its source and the variety of plant rootstock provides disease management benefits to both the industry as a whole and the broader community.

In the absence of such a requirement, plant propagators would face insufficient incentives to ensure that stock are disease-free. This would result in costs to industry and third parties. The Horticultural Stock and Nurseries Act provided an appeals process through the Administrative Decisions Tribunal. Under the new arrangements the appeal process will be through the local land board. I seek assurances from the Minister that the appeals provisions in the Agricultural Industry Services Act will be reviewed next year to ensure that they are relevant to the horticulture industry.

Ms LEE RHIANNON [8.23 p.m.]: The Greens also support the Horticultural Legislation Amendment Bill. We believe it is important to repeal the Act and to introduce new legislation as a means of controlling the spread of disease and generally to modernise the horticulture industry. Because so many bills have to be dealt with at this time of year, I must admit that we have not been as thorough as we would have liked examining the bill's provisions. However, while the Greens were advised to support the bill, some concerns have been expressed about measures being lost in the repeal of the Horticultural Stock and Nurseries Act.

I thank the Hon. A. G. Corbett for his thorough presentation. The honourable member referred in detail to a number of issues that had been flagged with the Greens as needing greater attention. I look forward to hearing the Minister's speech in reply regarding those matters, particularly regulated record keeping, some aspects of which are a real worry. I understand that in the horticulture industry record keeping is essential to maintaining the industry's high standards—and its standards are world-class. With Australia being an island our first concern is to keep diseases out. However, once diseases are in the country it is essential to limit their spread. It is essential, therefore, to have very thorough record keeping.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.25 p.m.], in reply: I thank honourable members for their contributions. With regard to the

matter raised by the Hon. A. G. Corbett, section 42 of the Act gives only a limited right of appeal in respect of the inclusion or exclusion of a person from the committee's register of constituents or in respect of the amount of a rate levied on the person under the Act.

At the time the Act was drafted the Administrative Decisions Act had not been enacted and the local land board was considered to be the most appropriate appeal forum. The appropriateness of the local land board in the appeal forum under the Act will be considered at the time that other proposed amendments to the Act are considered. It is anticipated that these amendments will be brought forward in 2001. This is not to say that the local land board may not continue to be the most appropriate forum. Such boards were chosen originally as they predominantly deal with rural issues, bring local expertise to the matter of the appeal, and provide an efficient and cost-effective mechanism for the resolution of disputes.

If the appeal forum is to change, it will be necessary for careful consideration to be given to whether the appropriate forum may be the Administrative Decisions Tribunal or the Land and Environment Court. Arguments can be advanced in favour of both. As I have said, the appropriateness of the appeals forum will be the subject of review in the light of changed circumstances since the Act was enacted.

I assure the Hon. A. G. Corbett that under the Agricultural Industry Services Act the new committee will have interests more in common with propagators of nursery stock than with resellers. With regard to record keeping, a matter raised by Ms Lee Rhiannon, New South Wales Agriculture has found that most propagators hold records as a matter of business practice and those records are sufficient for the use of inspectors when disease outbreaks occur. At this stage legislation is not required to address that issue. A code of practice does exist, and it contains a checklist as to records that should be held by the nursery industry. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

SUPERANNUATION LEGISLATION AMENDMENT BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.29 p.m.]: I move:

That this bill be now read a second time.

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

Leave granted.

The Superannuation Legislation Amendment Bill implements a number of proposals affecting the New South Wales public sector superannuation schemes. The bill would amend the following Acts: the First State Superannuation Act 1992; the Superannuation Act 1916; the Police Regulation (Superannuation) Act 1906; the State Authorities Superannuation Act 1987; the State Authorities Non-contributory Superannuation Act 1987*;* and the
Police Association Employees (Superannuation) Act 1969.

The provisions in this bill address a range of concerns that have been brought to the Government's attention by representations from members of the superannuation schemes and the scheme trustees, and have been the subject of consultation with the Labor Council of New South Wales. Overall, the proposed amendments would have no impact on the Government's public sector superannuation liabilities, rather some may lead to marginal savings.

I shall first summarise the purposes of the proposed amendments. The first group of amendments will affect all the defined benefit superannuation schemes for New South Wales public sector employees, that is, the State Superannuation Scheme, the State Authorities Superannuation Scheme, and the Police Superannuation Scheme. The amendments would allow the early release of superannuation benefits to current and former contributors on compassionate grounds or on the grounds of severe financial hardship as allowed under Commonwealth law. I shall later describe these provisions in more detail.

Other provisions would provide members of these schemes with the option of using the lump sum benefit payable from the State Authorities Non-contributory Superannuation Scheme to meet a contributions tax surcharge debt. The trustee has advised that some members would prefer to do this instead of reducing the value of their pension payments to meet the debt, as they must currently do.

The bill would also allow all pensions paid to members of the State Superannuation Scheme, the State Authorities Superannuation Scheme and the Police Superannuation Scheme to be adjusted in line with the consumer price index, in years when the index is less than 1 per cent but more than zero. Currently, such small increases in the index are not reflected in pension adjustments in the year in which they occur.

The State Superannuation Scheme is the only scheme affected by the next group of proposed amendments. One amendment would remove the requirement for a six-month waiting period for members who wish to commute their pension benefit to a lump sum. Currently, the six-month waiting period applies to pensions payable on early voluntary retirement, that is, where a person retires between the ages of 55 and 60. The Government Actuary has indicated that this amendment could lead to marginal savings in employer costs.

The bill would also correct a potential anomaly that might affect a small number of scheme members, following recent amendments to the withdrawal benefits payable from the State Superannuation Scheme. The correction would ensure that no member will be adversely affected because of those recent amendments.

The Act governing the Police Superannuation Scheme would be amended to strengthen the trustee's powers to fulfil certain of its obligations under the Act. Under the legislation as it currently stands, the trustee is required to ensure that a member is not paid both a gratuity from the scheme and damages from third parties in respect of the same injury. The proposed amendments would empower the trustee to seek the relevant information from third parties to enable them to fulfil their statutory obligations.

Regarding First State Super, an amendment would enable members who are on total remuneration packages, but not recognised as 'executive officers' under the Act, to elect not to pay employer superannuation contributions on salary in excess of the maximum level on which superannuation guarantee contributions are required under Commonwealth law. This amendment would achieve consistency under the Act with other officers who pay employer superannuation contributions from their remuneration packages.

Finally, the bill contains provisions that facilitate the trustee's treatment of late elections made by superannuation scheme members in relation to the conversion offer made earlier in 2000. The conversion offer refers to the right given to a member of either the Police Superannuation Scheme or the State Superannuation Scheme to elect to convert the accrued scheme benefit to a lump sum, and have that lump sum transferred to First State Super or similar private sector superannuation fund.

I will now describe in more detail the provisions relating to the early release of benefits on compassionate or severe financial hardship grounds. An important issue for some members is their capacity to access their superannuation benefits at difficult times in their lives. While the primary purpose of superannuation remains to ensure that people have an adequate income in their retirement, there are times before retirement that some extra money can make a critical difference.

Honourable members would be aware that the New South Wales public sector superannuation schemes must comply with the principles of overriding Commonwealth superannuation law. The Commonwealth Superannuation Industry (Supervision) Act 1993—known as SIS—allows superannuation trustees to pay members part of their accrued superannuation benefit if they satisfy certain criteria for the release of benefits on compassionate grounds or on the grounds of severe financial hardship. These payments are called an early release of benefits, because they are paid to members before they would ordinarily be able to access the money.

None of the New South Wales defined benefit schemes currently allows an early release of benefits on compassionate or financial hardship grounds to members who are still working in the New South Wales public sector. The State Authorities Superannuation Scheme only allows an early release of benefits if a member has already ceased employment and preserved the superannuation benefit in the scheme. The State Authorities Non-contributory Superannuation Scheme—also known as the 3 per cent, or basic benefit scheme—only allows for the early release of benefits that have been preserved. The State Superannuation Scheme and the Police Superannuation Scheme do not allow for any early release of benefits at all, irrespective of whether the members are still working or not.

The passage of this bill would enable all the New South Wales public sector superannuation schemes to release benefits on compassionate or severe financial hardship grounds to anyone who satisfies the criteria established by the Commonwealth superannuation legislation. The Commonwealth allows the early release of benefits on compassionate grounds if, for example, the money is required and used to pay medical expenses for the member or his or her dependants, to prevent foreclosure and sale of a family home, to urgently modify a home to cater for severe disabilities, or to pay for palliative care, funeral or burial expenses.

The Commonwealth rules also allow a lump sum of between $1,000 and $10,000 to be paid to a member no more than once a year on severe financial hardship grounds if the member satisfies certain eligibility criteria. These criteria depend on the age of the member. They may relate to such things as incapacity to meet reasonable and immediate family living expenses, and receipt of a relevant Commonwealth income support payment for at least 26 weeks.

In assessing claims for early release of benefits, the scheme trustee will be required to comply with the rules and processes established by the Commonwealth, and applying to the community in general. The bill would also enable regulations to be made to specify how a member's superannuation benefit is to be adjusted to offset the amount released on compassionate or severe financial hardship grounds. The early release of benefits will have no impact on the Government's superannuation liabilities.

As I indicated earlier, this bill covers a variety of matters. Its primary intention is to enable the early release of benefits on compassionate and severe financial hardship grounds from the defined benefit public sector superannuation schemes consistent with Commonwealth legislation. Other matters addressed by the bill correct minor limitations in the current superannuation legislation and facilitate the administration of the superannuation schemes. I repeat that overall the proposed amendments would not affect New South Wales public sector superannuation liabilities, other than that they may reduce them marginally. I commend the bill to the House.

Ms LEE RHIANNON [8.29 p.m.]: The Greens do not oppose the bill but I have some general comments. The bill amends a range of superannuation schemes for New South Wales public sector employees. I understand that there has been meaningful consultation with unions and labor councils, which is to be welcomed. In the Legislative Assembly Mr O'Doherty pointed out the serious problems that have been

identified by the Auditor-General in relation to the payment of bonuses. It is vitally important for the Government to ensure that salary packaging and the provision of bonuses are transparent. Tonight just a few metres away Mr Hannaford is probably having his last big dinner in Parliament House. Almost exactly a year ago the House was debating superannuation issues. I raised concerns about the superannuation of politicians and stated that politicians should be in First State Super rather than in our extraordinarily generous superannuation scheme, which brings discredit on us.

The majority of employees have 6 per cent to 9 per cent of their wages as superannuation provided by their employer, whereas our percentage is about 75 per cent, effectively from the people of New South Wales. This is what allows us to have the huge superannuation payment or pension when we leave Parliament. Mr Hannaford jumped up and said, "All Ms Rhiannon has to do is say she wants to do it and I am sure everybody in this House will agree with her and she can go to First State Super and we will stay in our own system." I have been told that it is not possible for me to do this. I would do it if I could, but I will have to explore it further. The Greens believe that this is an area that needs tidying up. It is one of the reasons that politicians around this country are on the nose. They have super entitlements, perks and a whole lot of things—

The Hon. R. H. Colless: Not that many perks.

Ms LEE RHIANNON: Getting tickets to the football, to the races, to the Royal Easter Show, and to Taronga zoo—

The Hon. A. B. Kelly: Very few people use them.

Ms LEE RHIANNON: Then let us get rid of them. Why does the Government not do the right thing and get itself some brownie points by declaring that those perks will not be available any longer?

The Hon. Dr A. Chesterfield-Evans: I have been to the zoo. I am going to the zoo.

Ms LEE RHIANNON: Do we have an admission from the Hon. Dr A. Chesterfield-Evans that he has been using his perk? Is that what we have just had? The Hon. A. B. Kelly said that the perks are rarely used. Then let us clean up and get rid of them.

The Hon. A. B. Kelly: What does this have to do with the bill?

Ms LEE RHIANNON: The bill has many provisions and my comments relate to the bill because superannuation needs to be cleaned up. I have flagged other issues. I appreciate the comments of the Hon. A. B. Kelly and reiterate that the Greens will not oppose the bill.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.33 p.m.], in reply: I thank Ms Lee Rhiannon for her contribution to the debate. The bill addresses a number of issues that have been raised in representations to the Government by scheme members and superannuation scheme trustees. The primary purpose of the bill is to allow members of the New South Wales public sector in defined benefit superannuation schemes early access to their superannuation benefits on compassionate or severe financial hardship grounds. The early release of superannuation benefits on these grounds is permitted under Commonwealth superannuation law provided certain criteria are met. I remind honourable members that New South Wales public sector schemes are required to comply with the principles of Commonwealth law. New South Wales public sector superannuation schemes will therefore allow for the early release of superannuation benefits on the same basis that is available to the community generally. Other provisions of the bill correct minor limitations or inconsistencies in superannuation legislation. Overall, the provisions will not impact on the Government's superannuation liabilities but they will benefit some New South Wales public sector employees.

Motion agreed to.

Bill read a second time and passed through remaining stages.

POLICE SERVICE AMENDMENT (SELECTION AND APPOINTMENT) BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast), on behalf of the Hon. M. R. Egan [8.34 p.m.]: I move:

That this bill be now read a second time.

The second reading speech has already been delivered in the other place. I seek leave to have it incorporated in *Hansard*.

Leave granted.

As a result of the Royal Commission into the New South Wales Police Service, significant changes have been made to the structure of the Police Service, directly affecting the human resource management of officers and returning more officers than ever before to the frontline.

Specifically, in response to Justice Wood's recommendations, this Government has worked closely with the New South Wales Police Service and the Police Association of New South Wales to:abolish the Police Board and transfer its functions in relation to employment, appointments and transfers to the Police commissioner; appoint the Commissioner as the employer of all police officers in the New South Wales Police Service; adopt and implement Commissioner Ryan's revised structure, thereby expanding the number of regions, removing districts and concentrating policing on the front line; introduce duty officers—increasing promotional positions; and introduce a new co-ordinated structure for recruitment, selection and appointment processes, including the introduction of the assessment centre process.As a result of these changes, it has become apparent to all parties that further improvements are required to the selection and appointment process, to ensure that it is responsive and flexible, and to reduce the time and stress of the promotional appeals process for officers.

In May 2000, the Tripartite Committee on human resources issues was established to review and implement improvements in Police Service human resources management, including the promotion process.

This committee comprises both Deputy Commissioners of the New South Wales Police Service, the President and Secretary of the Police Association of New South Wales, and the Director-General of the Ministry for Police. This bill is the product of the co-operative approach adopted by these parties—I would like to thank them all for their efforts.

- I am pleased to advise the House that all key stakeholders in the promotional reform process support this bill and the accompanying administrative changes—that isthe New South Wales Police Service, the Police Association of New South Wales, the Public Service Association of New South Wales,

- the Police Integrity Commission, and

- the senior chairperson of the Government and Related Employees Appeal Tribunal [GREAT].

I will now address the key provisions of the bill in turn.

The bill applies to all non-executive officers of the Police Service, that is sergeants, inspectors, superintendents and administrative officers. As such, it will improve selections and appointments for approximately 7,500 police service positions.

The bill does not apply to constable positions, as constables are appointed through the completion of police training and are promoted within the rank, subject to successful service. The bill also does not apply to promotions in the Police Service Senior Executive Service.

In 1995, section 26A was inserted into the Public Sector Management Act to enable departmental heads to create and use eligibility lists to fill vacant positions in the general public sector.

Clause 1 of schedule 1 of this bill inserts section 67A into the Police Service Act 1990 to enable the commissioner to create and use eligibility lists to make selections and appointments to vacant police and civilian non-executive positions.

The eligibility lists will be used to make appointments to the position the list was created for, or to positions substantially the same as that position.

Eligibility lists have never previously been used in the appointment of police officers in New South Wales. The use of eligibility lists will benefit both the service and its employees. They will:

- Reduce the time taken in finalise appointments;

- Provide cost and administrative savings to the promotion process; and

- Reduce stress for officers who meet the appointment criteria for a position, by not requiring them to go through the application and selection processes again, if a relevant position becomes vacant within the lifetime of the list.

The provisions of section 67A, read in conjunction with other provisions of the bill, mirror section 26A of the Public Sector Management Act.

The only difference to the section 26A regime is that this bill provides that the regulations may limit the police positions that can be determined to be substantially the same as a position for which an eligibility list is created.

This restriction recognises that positions of the same rank will not always be the same. Whilst they may have a number of factors in common, they may vary as a result of, for example, where the position is geographically located.

At the request of the Police Association, the regulations will give recognition to this, so that an eligibility list created for one Local Area Command can only be applied to that command. This agreement will be reviewed after 12 months operation.

Clauses 2, 4, and 6 enable eligibility lists to be used without advertising a relevant vacancy. This reflects current legislative and administrative arrangements under the Public Sector Management Act.

The Police Service has used eligibility lists to fill administrative officer positions for a number of years, believing that s26A of the Public Service Management Act also applied to police administrative officers.

Given that these appointments have occurred without a specific legislative base, clause 10 of the bill removes any uncertainty as to the employment status of these persons by confirming the validity of previous appointments as a result of an eligibility list. The Public Service Association of New South Wales supports this.

Clauses 3 and 5 provide for the merit appointment of sergeants, inspectors and superintendents from eligibility lists.

The restructure of the Police Service has resulted in a large number of police applying for newly created similar positions, for example the 375 newly created duty officer positions, a large number of which will be advertised at one time given their similarity. A common selection panel often oversees the selection of officers to these positions. Under the current regime, the officer with the greatest merit for one position will frequently be the officer of greatest merit for all the other positions advertised.

The current regime compels the Police Service to recommend the officer of greatest merit to all positions that have been advertised and applied for at one time, unless the officer withdraws or is appointed to one of the positions after the appeal process has run its course. This creates a logjam in the appointment process, significantly delaying placing police permanently into vacant positions.

Clauses 3 and 5, together with significant administrative reforms to the selection and appeal process, will overcome this difficulty of multiple nominations for the Police Service.

Under the new procedures, the commissioner will, where practical, advertise at the same time vacant positions likely to attract a similar pool of applicants. Applicants will be encouraged to apply for all positions, maximising the likelihood of promoting the officers with the greatest merit.Applicants will be requested to list their interest in each of the vacant positions in preference order. The selection panel will then rank all applicants who meet eligibility criteria in merit order.

Clauses 3 and 5 of schedule 1 to the bill remove the requirement for the commissioner to select the single officer with the greatest merit to multiple positions. Instead they require the commissioner to select the applicant with the greatest merit who has not already been selected for another Police Service position of the same or greater maximum salary.This will enable the officer with the greatest merit to be selected to their preferred position. That officer will no longer be considered for selection to other positions, with the officer of the greatest merit amongst the remaining officers being selected to their first available preference. Selections will then be made down the merit list, according to officer's preferences, until a different officer has been selected for each position. One of the important provisions of the bill is to maintain the appeal rights of any officer who is not selected to GREAT. This means that if officers have their selection overturned on appeal they may still be considered for appointment to other positions which the Commissioner has determined they had the greatest merit for.I am advised that the senior chairperson of GREAT has generously agreed to list appeal hearings in the order of merit determined by the commissioner, rather than the order in which appeals are lodged, as is currently the case. It is envisaged this new listing system will:reduce the incidence of officers accepting appointment to less preferred positions and subsequently accepting appointment to their preferred position, requiring the appointment process to start anew if they are later appointed to their preferred position; enable the most meritorious officers to be appointed as quickly as possible; and encourage the prompt withdrawal of appeals by the officers have had their appeals upheld for their preferred position, reducing the number of appellants who are before GREAT at any one time.These legislative and administrative reforms will assist in streamlining promotional appointments, as well as assisting to reduce the time currently taken to fill vacant positions.

This bill is an important step in improving the police promotion process. This Government will continue to work with the Police Service, the Police Association of NSW and the Public Service Association to ensure that it continues to meet the needs of the service, its employees and the community.Future improvements will be informed by the recent promotion and assessment survey and by the ongoing work of the Tripartite Committee.The Government has put forward a bill that will significantly improve the Police Service promotion process. It will benefit the Police Service, police and civilian employees and it will benefit the people of New South Wales.It is the result of a co-operative approach taken by all parties and follows on from some of the reforms implemented by this Government as a result of the Wood Royal Commission.

I commend this bill to the House.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.35 p.m.], in reply: Obviously the bill finds favour with the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

LAW AND JUSTICE FOUNDATION BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast), on behalf of the Hon. M. R. Egan [8.36 p.m.]: I move:

That this bill be now read a second time.

The second reading speech has already been delivered in the other House. I seek leave to have it incorporated in *Hansard*.

Leave granted.

The Law and Justice Foundation bill is the culmination of a process of review of the Law Foundation, conducted by my department. Honourable members will be aware that the Law Foundation is established by the Law Foundation Act 1979. Its structure and objects are set out in the Act. The foundation has been widely recognised as an organisation which has facilitated initiatives which have assisted law consumers, the legal profession and government. Over its history of more than 20 years, it has been responsible for groundbreaking initiatives which have made a significant contribution to the legal system and to enhancing access to justice for the public. In recent years, these initiatives have included the Centre for Legal Education Foundation Law, the Justice Research Centre, the Legal Information Access Centre, the Communications Law Centre and a grants program.

The Law Foundation was, for example, a pioneer in the delivery of legal information through the Internet to the general public, through its establishment and sponsorship of Austlii, which was one of the first databases in Australia to give people access to statutes, cases and other legal information. Austlii, and similar databases such as that now established by my own department, have made an important contribution to demystifying the justice system, and breaking down perceptions in the community that only lawyers can use and understand the law. Another initiative of the Law Foundation, in partnership with the State Library of New South Wales, was the Legal Information Access Centres. These centres provide legal information in plain English, using the network of public libraries across New South Wales.

The Law Foundation has achieved recognition in many quarters for its contribution to, and improvement of the justice system. I want to take this opportunity to recognise the achievements of the foundation over its 21-year history. The bill will strengthen the foundation and enhance its ability to maintain its unique position in the community, to carry it into the future. The bill before the House arose from a review of the Law Foundation that was undertaken by my department at the request of the former Attorney General, the Hon. J. W. Shaw, QC. The review was undertaken to ensure that the Law Foundation could continue in its special role of taking innovative projects, carrying them through their start-up period, and moving on to new challenges, while at the same time recognising that the justice system has undergone considerable change in the past 21 years and that a repositioning of the Law Foundation was timely.

The review was undertaken in consultation with stakeholders, including the Law Society, Bar Association and the Law Foundation itself. I am pleased to report that the proposals were modified in response to matters raised by those bodies, culminating in the bill before the House. The bill is not intended to represent major change. Rather, the bill refines the objects, activities and powers of the current Law Foundation, and renames it the Law and Justice Foundation, to bring the governing legislation of the foundation up to date, and to ensure that it reflects the important role of the foundation in the community. The bill provides for the replacement of the Law Foundation with the Law and Justice Foundation. The objects of the Law and Justice Foundation will be to contribute to the development of a fair and equitable justice system, which addresses the legal needs of the community, and to improve access to justice by the community, especially economically and socially disadvantaged people.

The Government envisages that the Law and Justice Foundation will focus its efforts on groups whose position in society may compromise their access to justice, including, for example, people whose first language is not English, people with disabilities, Aboriginal and Torres Strait Islander people and young people. The foundation will gather information on matters such as the experience of people in these groups with the civil and criminal justice system, and how improvements can be made to the legal system, and the laws they administer, to ensure that the rights of individuals are not compromised because of social or economic disadvantage. The Government also anticipates that the Law and Justice Foundation will devote its resources to other areas of the legal system which affect many members of the community statutory compensation schemes, the relationship between the legal profession and the community, and alternative dispute resolution.

The Law and Justice Foundation will meet the need for an independent body, having multi-disciplinary expertise, not just in law, but in a range of social sciences as well, which can undertake research at arm's length from Government and commercial interests. The foundation will be able to enter into contracts and similar arrangements with both government and non-government organisations, to undertake specific projects. The foundation will be able to enter into arrangements with other organisations, such as universities, to ensure that its resources are directed to justice research and related activities. The bill will strengthen its expertise and enable the foundation to offer a broader range of services to its clients. The independence of the Law and Justice Foundation is guaranteed by its management structure. The foundation will be governed by the board, of which the director will be a member. The board will comprise six other people, appointed by the Attorney General. Every member of the board will be required to have special expertise in one or more of a range of areas, including the social sciences, the justice system, consumer issues, the needs of disadvantaged people, and legal practice.

Honourable members will note that the Law and Justice Foundation's board of seven people will be considerably smaller than the current board of the Law Foundation, which comprises 11 members. The Government has resolved the board of the new body should be smaller, to facilitate decision making and ensure a responsive approach to the governance of the Law and Justice

Foundation. However, the provisions governing the appointment of the new board allow for a flexible approach to be taken to the appointment of the new board. I am confident that the newly constitute Law and Justice Foundation will fill a gap in the provision of applied research into the practical operation of the justice system and its impact on the community. I commend the bill.

The Hon. Dr P. WONG [8.37 p.m.]: I support the Law and Justice Foundation Bill, and I take this opportunity to recognise the value of the Law Foundation, which is to become the Law and Justice Foundation under the bill. The Law Foundation has played a vital role in giving the general public better access to legal information. Along with access to legal representation, access to legal information is essential for our citizens. Legal rights and obligations are of little use if people are unaware of them. The Legal Information Access Centre and the *Austlii* web site are just two of the foundations initiatives which have greatly increased the public access to legal information. And as a bonus, the foundation gives lawyers a better name. This is sometimes very much needed. For the life of me, I cannot understand why the legal profession is so generally distrusted. It must be very misunderstood. It surprises me that the Attorney General will require the Bar Association and the Law Society to provide six nominees each for foundation board positions rather than the normal three.

The Hon. J. J. Della Bosca: They must be almost as well organised as doctors.

The Hon. Dr P. WONG: That is exactly right. If these organisations cannot find one able person out of three nominees, they will not be able to find that person if asked to nominate six. I ask the Government: Have these august bodies been nominating duds in the past? I would be interested to know the real reason for the change in the number of nominees. I congratulate those responsible on the work carried out by the foundation since 1979 and I wish the foundation the very best in its new form.

The Hon. Dr A. CHESTERFIELD-EVANS [8.39 p.m.]: The Australian Democrats support the bill. We have been great admirers of the work of the Law Foundation. We understand that the changes proposed in this legislation are in keeping with the foundation's needs, wants and suggestions and we therefore support the continuation of the foundation's good work, which the Australian Democrats believe is vital for taking lateral thinking into the legal system.

The Hon. D. F. MOPPETT [8.40 p.m.]: The Coalition also supports the passage of this bill. We recognise that in a sophisticated society such as ours, it is important that laws are framed in a democratic way. But it is also important to ensure that laws are implemented and enforced in a sensitive way so that people who have to accept decisions of law-makers and the judicial system feel that they have rights that are recognised in the whole process and that they have access to the system of formation of reform and can contribute to the whole process of self-governance, if one wants to view the process in its totality. The Coalition also has admired the work of the foundation to date.

The Coalition understands that the amendments proposed by the bill are largely those that have been identified by practitioners and the foundation. As such, members of the Coalition believe that the swift passage of the bill through the House tonight does not in any way reflect on the importance and significance of these legislative changes. This amending bill is certainly welcomed by all citizens of New South Wales. It is important to note that some of the people who feel most alienated, if I may use that term, from the processes of justice are groups of people who live in country areas and who, for all sorts of reasons, feel dispossessed. I know that the Deputy-President, Reverend the Hon. F. J. Nile, has a great sympathy for Aboriginal communities who seek empowerment from the construction of law, its review and the whole legal process. Country people in isolated communities generally feel the same way.

Yesterday I was speaking with people in Broken Hill who anticipate with some trepidation the introduction of changes to the western lands Act. Because they live far from the seat of government, it is naturally easy to excite fears in their minds. They are the types of people who may not even have been aware of the activities of the foundation but, nevertheless, the foundation is working for them to make justice accessible, reform meaningful and contact with the community a reality. In my view, honourable members of this House could join without dissent in overseeing the passage of this bill through the House.

The Hon. I. COHEN [8.43 p.m.]: The Greens support the Law and Justice Foundation Bill, which reconstitutes the Law Foundation as the Law and Justice Foundation. The Law Foundation was established in 1979 as an independent, non-profit organisation. Since then it has achieved some excellent outcomes. One of its main achievements has been to improve the community's access to the law and to the legal system. It has done this by conducting empirical research that is relevant to policy, by making grants and by supporting legal information strategies.

The Law Foundation has an impressive record of providing effective assistance for key purposes such as legal information centres, statewide training programs for financial counsellors and community workers on the consumer credit code, education programs and information for tenants, and a rural training program for parents and others who are working with children who have intellectual difficulties. Key bodies such as the Public Interest Advocacy Centre and the Communications Law Centre were established through the Law Foundation's efforts. One of the roles of the Law Foundation is the provision of grants under the grants program. The goal of the grants program is to maintain an independent source of financial support for innovative ideas, which are generated outside the Law Foundation, and which are in pursuit of the Law Foundation's statutory objectives that would otherwise not be funded.

This year's new grants include a grant for *Joe's Conference*, which is a 15-minute video produced by the Youth Justice Coalition and Boathouse Productions. The 15-minute video shows the process of youth justice conferencing from a young offender's perspective. It focuses on young people's rights and responsibilities in the conference process. It can be viewed by young people to help them make up their mind about whether they want to go down the path of youth conferencing. Another grant was used to produce "Youth Justice: Your Guide to Cops and Court", which was developed by the Macquarie Legal Centre and which is a plain language guide to the juvenile justice system. Last year the New South Wales Council for Intellectual Disability was granted $30,000 to undertake a research project on the development of a legal, administrative and policy framework for the provision of appropriate services.

The Law Foundation funding is for research grants, information grants and seminar and conference support grants. The grants have produced some excellent and useful publications, videos, conferences and seminars on extremely relevant topics. The Law Foundation also produces a range of reports, newsletters, bulletins and brochures. Recent reports include "Access to Law in the Year 2525", "Future Direction for Pro Bono Legal Services in New South Wales", and "Unrepresented Parties and the Equal Opportunity Tribunal". The Law Foundation also aids the Justice Research Centre by supplying core funding, but the centre also receives funding from other sources.

Although the objects of the foundation are to be reduced from eight to two, they incorporate most of the matters contained in the former objects. In particular, object (1) is strong and clear in specifying that the "objects of the Foundation are to contribute to the development of a fair and equitable justice system which addresses the legal needs of the community and ... improve[s] access to justice by the community (in particular, by economically and socially disadvantaged people)". That is certainly a laudable object. The Law Foundation recently had to absorb funding cuts. In 1998 the Legal Profession Amendment Bill was passed, which changed the way in which the Law Foundation received its funding.

The Law Foundation used to be a non-discretionary beneficiary which received money from the solicitors' statutory interest account. That is now known as the Public Purpose Fund and combines the former statutory interest account with the Solicitors' Trust Account Fund. The Public Purpose Fund collects and redistributes the interest earned on clients' money while it is held on deposit in solicitors' trust accounts. The Law Foundation formerly received, through the statutory interest account, a proportion of the interest earned on investments of money which was held in trust accounts. The foundation is now entirely a discretionary beneficiary and has to present a good case for any funding proposals.

Before the Law Foundation receives money, the available funds from the statutory interest account have to go towards paying for the regulation of the profession and legal aid. These are non-discretionary beneficiaries. If any money is left over it goes to the discretionary beneficiaries, such as the Law Foundation. The foundation's funding has halved since 1996. During the three years from 2000 to 2003 the Law Foundation will receive only $1.5 million a year from the fund, which is a decrease from the $3 million it received each year from 1996 to 1999. Despite the funding cuts, the Greens are sure that the newly constituted Law and Justice Foundation will still achieve excellent and worthwhile outcomes in the future. The Greens are pleased to support the bill.

The Hon. R. S. L. JONES [8.48 p.m.]: The aim of this bill is to reconstitute the Law Foundation as the Law and Justice Foundation, to change the constitution of the board from 11 members to seven members, and to change the objects of the organisation. The Attorney General has stated that there was consultation with the Law Foundation and that the bill was developed as a result of a process of review conducted by his department. This was confirmed when my office spoke to the Director of Law Foundation, Mr Geoff Mulheron, who was supportive overall of the aims of the legislation and who believed that it is in the Law Foundation's best interests to have the legislation passed by this House without delay, as tonight indeed it will be.

Although there is an unfortunate cost involved in the change of name of an organisation, it can also signify recognition of cultural change or a significant shift in an agency's priorities. I agree with the Law Foundation's director that the objectives of the body are more clearly set out under the bill than they were previously and will give people a clear idea of what the agency is all about. The bill more clearly indicates the Law Foundation's raison d'etre. The director was not concerned about the change to the number of members on the board from 11 to seven and argued that the change will free up the board. I agree that 11 people can on odd occasions prove to be too cumbersome for an agency's objectives to be properly carried out, so I have no objection to this provision of the bill.

Although some concern may be expressed that six of the board members are appointed by the Attorney General—the other position being filled by the director—I note that under the current Act the Attorney General appoints the 11 board members. I have not been made aware of any opposition about the operation of the board on this point. I do not oppose this part of the bill either. The Law Foundation performs a valuable role in the community. For the information of honourable members who may not be familiar with the operations of this important body, the Law Foundation is an independent non-profit organisation with a vision of, to quote its website, "a just society in which the legal system is fair, accessible, efficient and universally understood". The body attempts to achieve this very worthy goal by supporting "innovative programs and activities, and improving the community's access to justice" through the provision of grants, the undertaking of partnerships and empirical research conducted by the foundation itself.

I had some involvement with the Law Foundation recently when I hosted a book launch of a publication that had been funded by the body. The *Prisoners' Rights Handbook*, edited by Solange Rosa for the New South Wales Council for Civil Liberties, is aimed at helping prisoners and their advocates become informed about their basic rights and entitlements while serving time in New South Wales gaols. The handbook covers topics such as general prison conditions, classification procedures, legal action and complaints, and draws attention to people with special needs in our prison system, such as women, State wards and Aboriginals. I mention this publication to give just one example of the valuable projects funded by the Law Foundation. I am pleased to support this bill.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [8.51 p.m.], in reply: The Government is pleased that the House is unanimous in its support for the bill. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

LEGAL AID COMMISSION AMENDMENT BILL

Second Reading

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast), on behalf of the Hon. M. R. Egan [8.52 p.m.]: I move:

That this bill be now read a second time.

This bill has already been debated in the other House. I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The objective of the Legal Aid Commission Amendment Bill is to promote greater efficiency in the management and operation of the Legal Aid Commission. The Legal Aid Commission Act 1979 presently provides for the appointment of commissioners who in effect function as a governing board overseeing the commission's operations. The current legislation uses the term "commission" to refer to the organisation and to the appointed commissioners without distinction. The bill provides for a board of the Legal Aid Commission to be established. The composition of the board mirrors exactly the present composition of the commission. The board will consist of the chief executive officer, currently referred to in the Act as the managing director, and nine part-time members, currently referred to in the Act as part-time commissioners.

The nine part-time board members will comprise a chairman and three others appointed by the Attorney General, one person nominated by the Law Society, one person nominated by the Bar Association, one person nominated by the New South Wales Labor Council, a representative of consumer and community welfare interests and a representative of community legal services. I

reiterate that the composition of the board is exactly the same as the Act's current requirements for the appointment of commissioners. The bill's transitional provisions provide for the existing part-time commissioners to become members of the board for the balance of their term of appointment as a commissioner, when the amendments come into effect. It is the function of the board to establish the broad policies and strategic plans of the commission.

The bill provides that the chief executive officer is responsible for the day-to-day management of the affairs of the commission, including managing financial and human resources, in accordance with the board's policies and strategic plans and any general directions the board may issue in connection with those policies and plans. The amendments proposed by the bill formalise the current role undertaken by the legal aid commissioners and clarify the respective responsibilities of the commission's board and its chief executive officer. The bill also revises the composition of legal aid review committees to provide for three person committees, rather than the five-member committees presently established by the Act. The reconstituted review committees will comprise a legal practitioner nominated jointly by the Bar Association and the Law Society, a lay member and a member nominated by the Attorney General.

The board will appoint the members of a committee and determine the chairperson. This is consistent with present arrangements whereby the review committees are appointed by the commissioners. The change to the composition of the review committees will facilitate more efficient administration of the legal aid appeals process. The bill also clarifies that when a review committee is determining an appeal, it must comply with any legal aid policy guidelines which the initial decision maker was required to apply. This clarification will ensure that relevant legal aid policy guidelines apply consistently to both initial determinations and to any subsequent appeals.

The bill also makes a further change to legal aid review procedures by providing that a condition imposed on a grant of legal aid, requiring the legal aid to be provided by a particular private practitioner, is not appealable. Presently an applicant for legal aid cannot appeal to a legal aid review committee against a decision to allocate a matter to a legal aid lawyer or to a public defender. This further change will enhance the commission's ability to ensure that when legal aid is granted it is provided in the most efficient and cost-effective way.

Since 1997, following the Commonwealth's unilateral changes to its legal aid arrangements with the State, the commission has provided legal aid in Commonwealth matters under an agency arrangement with the Commonwealth. To reflect these changes, the bill proposes to amend section 72A of the Act, which deals with Commonwealth-State agreements or arrangements, to enable the commission, with the approval of the Attorney General, to enter into arrangements with the Commonwealth for the provision of legal aid services.

The bill also makes a number of miscellaneous minor amendments to make the operation of the Act more efficient. Section 23A and consequential provisions are amended to enable the chief executive officer to delegate, to more than one person, functions under the Act required to be exercised by a practising solicitor. Section 31 is amended to provide for an application to be lodged in a manner determined by the commission. This will facilitate the use of electronic commerce and address other circumstances where an application may not be able to be made in writing. Section 34 is amended to clarify that the commission must notify an applicant for legal aid of the determination or redetermination of his or her application as expeditiously as possible, but not exceeding 14 days after the determination or redetermination is made.

Section 41 is amended to make it clear that the existing prohibition on private legal practitioners demanding any payment from a legally assisted person in respect of the work assigned by the commission, except with the approval of the commission, extends to payments for disbursements incurred on behalf of that person. The amended section 41 also prohibits any contracting out of the prohibition. Section 46 is amended to clarify that the commission may recover the costs of legal services provided to a legally assisted person by the commission, as a debt, as well as retaining a lien over relevant documents to secure such payments.

The Crimes (Sentencing Procedure) Act 1999 is also amended to allow the commission to make recommendations to the senior Public Defender regarding guideline judgment proceedings under that Act. The reforms outlined in the bill will improve the efficiency and effectiveness of the Legal Aid Commission. The proposed amendments clarify the respective roles and responsibilities of the board and the chief executive officer. The changes will also further streamline the legal aid appeal process and improve the operation of the Act generally. I commend the bill to the House.

The Hon. I. COHEN [8.52 p.m.]: The Greens support the Legal Aid Commission Amendment Bill. The bill constitutes a Board of the Legal Aid Commission and provides for its functions. The board will consist of a chief executive officer and nine part-time members. The board has the function of establishing the broad policies and strategic plans of the commission. The bill changes the composition of the legal aid review committees. The membership of the committees will be reduced from five to three. The Minister in his second reading speech specified that the "objective of the Legal Aid Commission Amendment Bill is to promote greater efficiency in the management and operation of the Legal Aid Commission". The Greens hope that any efficiency gains will lead to more people being granted legal aid.

A recent survey by the Council of Social Service of New South Wales [NCOSS] found that legal aid has become so hard to get in New South Wales that 53 per cent of legal aid lawyers are advising clients who satisfy the eligibility requirements not to bother applying. This situation was reported in the *Sydney Morning Herald* by Joseph Kerr on 21 November. The survey was distributed to 100 legal practitioners and organisations, including community legal centres, solicitors in private and public practice, the New South Wales Law Society and charities that provide emergency relief. These practitioners and organisations deal with more than 30,000 clients. Two-thirds of community workers advising potential legal aid recipients said that they had not referred clients to legal aid agencies mainly because they believed aid would not be available. Gary Moore, Director of NCOSS, said the denial of access to justice "leads to emotional stress and adds to other problems such as family breakdown, unemployment and mental illness".

Both State and Federal governments need to properly resource legal aid. The Federal Coalition Government has an appalling record on funding legal aid. According to Gordon Hughes, President of the Law Council of Australia in November 1999, in an article in the *Australian Financial Review*, since 1996 the Federal Government has reduced its legal aid funding so substantially that Australia's legal aid system is no longer able to assist all those financially and socially disadvantaged members of our community who deserve legal aid assistance. Gordon Hughes argues that the cuts in legal aid are leading to more individuals representing themselves in courts. That opinion is backed up by John Harber, Chief Justice of Victoria, in an article in the *Australian* on 2 August. Chief Justice Harber said that more unrepresented litigants are appearing in his courts. This creates more work for judicial officers, because they have to deal with individuals who are not trained in the law, and hearings and judgments take longer.

Chief Justice Harber gave the example of an unrepresented litigant who submitted a 220-paragraph written submission. The document involved a great deal of misunderstanding of the relevant law and erroneous citation of authorities. The judge took nearly a week—rather than the usual few hours—to respond to the document because it was prepared by an amateur. The Greens believe that no amount of efficiency will deal with the main problem facing legal aid, that is, its severe underfunding. Both State and Federal governments should increase funding to legal aid. Other than the issues I have raised, the Greens are pleased to support this bill.

The Hon. Dr P. WONG [8.56 p.m.]: I support the Legal Aid Commission Amendment Bill, which is a simple but worthwhile bill that enables the restructuring of the Legal Aid Commission. The bill allows the formation of a board of the Legal Aid Commission. The existing managing director will become the chief executive officer. The future part-time commissioners will represent different interests in our community. The bill also clarifies certain policy issues and guidelines which presently affect the Legal Aid Commission. Hopefully, with the passing of this bill, the commission will work more efficiently and effectively.

However, I am concerned that the Legal Aid Commission remains hopelessly underresourced. I appreciate that this is a joint Federal and State responsibility. However, Federal funding for the commission has been reduced by more than $12 million per annum since 1997, and the State Government increased the budget of the Legal Aid Commission in the last budget. Justice can be done only if the citizens of New South Wales have access to legal representation before the court system. The present funding of the commission means that in many cases legal representation is simply not available, and justice is effectively denied.

The Hon. Dr A. CHESTERFIELD-EVANS [8.57 p.m.]: On behalf of the Australian Democrats I support the Legal Aid Commission Amendment Bill. The object of the bill is to promote greater efficiency in the management and operation of the Legal Aid Commission. The bill provides for a board of the Legal Aid Commission to be established. The composition of the board mirrors exactly the present composition of the commission. The board will consist of the Chief Executive Officer and nine part-time members, comprising a chairman and three others appointed by the Attorney General, one person from the Law Society, one from the Bar Association, one from the Labor Council, a representative of consumer and community welfare and a representative of community legal services.

Legal aid review committees are to provide for three-person committees, rather than the present five members. The three members are to be one legal practitioner from the Law Society and Bar Association, one lay member and a member of the Attorney General's Department. The Australian Democrats support this bill. We note that it went through the lower House on the voices without opposition. Surprisingly enough, we have not been lobbied by the Bar Association, the Law Society, Council of Social Service of New South Wales [NCOSS] or anyone else. Funding of the New South Wales Legal Aid Commission becomes a political football.

The State Government does not wish to pay for what it believes to be a Federal responsibility, while the Federal Government does not fund it adequately as it expects the State to pick up the shortfall. Despite this funding shortfall the Legal Aid Commission of New South Wales provides an enormous amount of legal help to socially and economically disadvantaged people. This bill tries to streamline the processes of the management and operation of the Legal Aid Commission. It will particularly streamline the legal aid review procedures which will ensure not only a faster response to clients but also, hopefully, a faster process for the payment of solicitors. In general legal aid solicitors have a good reputation for competent work. The problem has been their availability. In an article in the *Sydney Morning Herald* as recently as 21 November this year Joseph Kerr states:

> Legal aid has become so hard to get in NSW that 53 per cent of legal aid lawyers are advising clients who satisfy the eligibility tests not to bother applying.
>
> The survey by the Council of Social Service of NSW also found that 85 per cent of community workers thought aid was harder to reach, while 93 per cent of lawyers felt the Legal Aid Commission had changed its merit test for legal aid—most for the worse.

So the Legal Aid Commission is experiencing many resourcing problems. The director of NCOSS, Gary Moore, is quoted in the *Sydney Morning Herald* of 21 November as saying that the denial of access to justice leads to emotional stress and adds to other problems such as family breakdown, unemployment and mental illness. The commission has a web site at *www.lawlink.nsw.gov.au*. The web site informs us that in 1999 the Legal Aid Commission provided 208,893 client services, which is an increase of 1.8 per cent. The Legal Aid Commission is having a big effect but, as demand grows, clearly it is not sufficient. The Australian Democrats support the bill. We ask both the Federal and the State governments to provide additional resources for this worthwhile work.

The Hon. D. F. MOPPETT [9.02 p.m.]: The Coalition supports the bill. It was noted earlier in debate that the bill went through the lower House without dissent, and that signifies clearly that the Coalition believes firmly in a system of legal aid. Justice can be denied not only by being delayed but by being unaffordable. If we are to have a society that boasts with some confidence that it is egalitarian and equitable, access to the courts and to the remedy of the law must be available to people of limited means. Having stated that axiom, we then have to go a little further to determine why the continual cry for more financial support for legal aid is a feature of advocacy in our society.

If legal assistance is provided of charge it is always possible that it can be diverted to be used for purposes for which it was not always intended. It can encourage litigation when it might be expeditious and in the interests of everyone to negotiate a settlement. I will not refer to particular examples to try to illustrate that point. However, it would be an extraordinary system indeed that made the financing of legal aid unlimited and unfettered by any constraint. The State Government, though it often claims that the Federal Government has abrogated its responsibilities, seems able to grasp the concept of limiting its liability in this area and trying to gain efficiencies from the way in which legal aid is applied.

We heard in earlier contributions that the present problem in making legal aid available to everyone who applies for it is caused by the restriction by the Federal Government of its contributions. Since legal aid was put in place not so long ago the volume of that aid has undoubtedly ballooned far beyond anyone's expectations. That is a reflection on our society rather than on those who seek assistance. Their expectations have quickened, and more and more people believe that the court is the only way to redress the difficulties they are encountering. It might be easy to argue that perhaps the Federal Government should be responsible for matters brought before the Federal courts or matters where Federal legislation is in dispute—and I know that honourable members who are in the Chamber this evening will say that there are plenty of them.

An enormous amount of money goes into funding cases before the Family Court. Unfortunately, very often they are protracted and bitter proceedings. The demand on legal aid in those circumstances is heavy indeed. If it were to be argued that legal aid was a matter for the Federal jurisdiction and that the Federal Government must look at the quantum of money that is required, the bulk of legal aid would certainly fall back on the State. In the administration of justice and the criminal law there is, of course, a need for legal representation. We would hate to have people who are ill-resourced in many non-material things and who also lack financial resources put at a disadvantage when they appear in court to face serious charges. We certainly want to have adequate provision of legal aid.

The next matter to which I refer might not come within the scope of the bill. However, the Government may be able to respond to the need to provide legal aid in the budget that it is currently framing. I am sure that the departments are preparing their funding requests. Those Government members who feel sincerely about the matter should speak to the Minister, the Attorney General, and to the Treasurer, who so often is present with us in the House, about increasing the State's legal aid allocation. That is one of the core responsibilities of State governments. We must not look for scapegoats for legal aid funding; we want to ensure that it is applied efficiently and equitably. One of the greatest difficulties that has faced the Legal Aid Commission is prioritising the classes of action it will fund. I am sure that somewhere in the background someone prepares a brief and says, "This person might be worthy on socioeconomic grounds, but as we assess it the case is hopeless. It will cost a lot of money and there will be no results."

Someone is making those sorts of recommendations and another person is trying to assess whether there are overriding matters of principle, in other words, whether the matter is some sort of test case. It is a difficult matter. If legal aid is to be allocated in a thorough manner it must not be left only to the Law Reform Commission to develop its own rules. A board must be established to make value judgments and to introduce a degree of community response into the process that will result in more equitable outcomes. I do not know what the answer is. Tonight many of our colleagues are celebrating the illustrious career of the Hon. John Hannaford.

We are all conscious of the contribution that he made to the judicial system as Attorney General and as a lawyer in the practice of his profession at every level. But he has moved now into a new area where attempts are made to negotiate between parties that otherwise might be propelled into court proceedings.

I hope the Legal Aid Commission bears in mind that there are alternatives to court appearances and parties slugging it out with one or other appearing to be the winner. It is often the case that both parties are losers in protracted legal proceedings. We all await with bated breath the final decision in the notorious Marsden case, which has gone on for ever. Accountants will probably have to work for an additional 12 months to try to tot up the bills that have been run up in that extraordinary case. It reminds me of Charles Dickens' wonderful novel *Bleak House*. Not everyone salutes it as one of his best novels, but it is archetypal Dickens, who was also a lawyer. Dickens, like the Hon. Dr A. Chesterfield-Evans, was always criticising his profession. That renowned and august firm Jarndyce and Jarndyce, on the eve of the conclusion of an equity matter—I do not think anyone can remember how long it had been going on for—realised that the estate had run out of money and could not pay their fees and they discontinued the action.

People are confronted with that sort of difficulty in our judicial system because the costs involved inhibit the initiating of proceedings. Although the purpose of the Legal Aid Commission is to redress any imbalance between average people who embark on legal proceedings on their own behalf and those who are unable to do so financially, matters should not be inverted so that legal aid practitioners become a privileged class who can undertake the most hopeless cases because they know that at the end the Government will pay whatever bills are run up. A balance must be struck and anyone who suggests that more money should simply be thrown into legal aid has no comprehension of the mechanics at the coalface. The selection of cases to be funded must be done sensitively and in a way that reflects community standards and the obligation of the commission to help underprivileged and dispossessed people. Conclusions must be reached in the most efficient manner without compromising the interests of the parties to the dispute. In the interests of expediting the debate at this late stage of the session my colleagues are reluctant to speak, but I know they join with me in welcoming the bill. We hope that the board will fulfil the aspirations and expectations to which I have briefly referred.

Motion agreed to.

Bill read a second time and passed through remaining stages.

ADJOURNMENT

The Hon. J. J. DELLA BOSCA (Special Minister of State, Minister for Industrial Relations, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [9.13 p.m.]: I move:

That this House do now adjourn.

ACTS OF PASSION: LESBIANS, GAY MEN AND THE LAW

The Hon. JAN BURNSWOODS [9.13 p.m.]: Yesterday I attended the launch by the Attorney General, Bob Debus, of the campaign "Acts of Passion: Lesbians, Gay Men and the Law". The launch celebrated the fact that in 1999 the New South Wales Government passed some 20 pieces of legislation to give the same rights to same-sex de facto couples as had been previously provided to heterosexual couples. The launch detailed that legislation, primarily the Property Relationships Act but also other bills, including the retirement villages legislation. The launch included items from the present campaign, including five very handsome posters, a web site and a handbook. The handbook is in plain English and provides a guide to all aspects of the law in New South Wales for lesbians and gay men. The five posters promote the campaign, four of them depicting real life lesbian and gay couples. The web site holds all of these campaign products in a format that can be easily downloaded.

I congratulate the Attorney General and the Government on introducing the legislation last year and on taking the initiative to provide funding to assist lesbians and gay men throughout the State to learn about their new rights in these key areas of New South Wales law. They really are key areas as they encompass property ownership, inheritance, guardianship, medical decisions and compensation. To that we can now add the amending legislation, which has now passed both Houses, that deals with superannuation schemes for New South Wales public servants and others to ensure that superannuation rights are extended to same-sex couples.

In that regard I have a particular interest, as many honourable members know, as Chair of the Standing Committee on Social Issues, which did a considerable amount of work last year to identify all legislation that

has not yet been amended and to draw attention to areas where reform is still needed. I certainly congratulate the Government on the progress that has been made during the past 18 months, particularly by Jeff Shaw, the former Attorney General, under whose auspices most of this legislation was introduced, and more recently by his successor as Attorney General, Bob Debus, who launched the campaign yesterday.

Another matter for celebration, which many people discussed yesterday, is that finally in Great Britain the age of consent legislation has been amended so that gay 16-year-olds will be able to have sex without fear of prosecution. That legislation in Britain has been under consideration for many years and finally, in order to get it passed against the continually expressed opposition of the House of Lords, the Parliament Act was invoked last week—it has only been used twice in the past 10 years. Now homosexual men and women will have the benefit of the identical sexual intercourse age of consent laws as heterosexuals have had for many years.

I am delighted that the British Parliament has finally been able to carry that legislation. It was overwhelmingly passed by the House of Commons on two or three occasions but it has been held up in the House of Lords. I hope that in the very near future in this Parliament we will be able to continue the program of equalisation of rights so that the age of consent finally becomes equal and uniform, thereby giving justice to gay men in New South Wales.

AUSTRALIAN LABOR PARTY ELECTORAL TACTICS

The Hon. C. J. S. LYNN [9.17 p.m.]: Tonight I inform honourable members of the details of correspondence brought to my attention in regard to the current controversy about electoral enrolments. A letter written by Ms Janice Hamilton and addressed to the Hon. Jackie Kelly, Federal Minister for Sport and Tourism, states:

> Dear Minister,
>
> I write to you concerning the current controversy with vote rorting inside the Australian Labor Party and the attack by the Labor Opposition on you and your electorate adviser in Parliament Question Time today. To say at the very least I was disgusted with the Labor Party's attack on you particularly that of Laurie Ferguson MP for Reid.
>
> I have been a member of the ALP for just on ten years and for a small part of that time I lived in the federal seat of Parramatta and for a short time worked for Laurie Ferguson. At the time I shared accommodation with former Lord Mayor for Parramatta Councillor David Borger. With the knowledge of Mr Ferguson we had a number of people registered on the electoral roll to be living with us who were not. Those people included Giselle Tocher (now married to Councillor Borger), her brother Gavin and sister Angela. Another who supposedly resided but did not included Joanne Basha. During the 1996 (election campaign) I become aware of your electorate officers residency in Parramatta and decided not to act on it as this sort of thing was common place in ALP so why shouldn't it be in the Liberal Party.
>
> Further to this while working for Laurie Ferguson I become involved in a relationship with his electorate officer Maurice Campbell. In May 1997 we bought and occupied a house at 7 Vulcam Street Guildford, while both claiming to live in other electorates—

The Hon. Jan Burnswoods: Point of order: I find some of the language used by the Hon. C. J. S. Lynn offensive in the extreme. I happen to know the last of the people he mentioned. The implications contained in the language about forming a relationship with that person would be extremely offensive to that person. If the Hon. C. J. S. Lynn wishes to attack this person, he should do so by way of substantive motion. It is offensive for him to read these names out at a great rate in the House and bring into question the character of the last person he mentioned whom I have known for 20 years. The innuendo surrounding the wording of the letter and the implication in its language about a relationship is quite separate from what he is trying to put on the record about electoral rorts.

The Hon. C. J. S. LYNN: To the point of order: I received a copy of the letter today that I am reading onto the record. It is information that has been passed on to me.

The Hon. P. T. Primrose: To the point of order: If someone wants to read correspondence that vilifies other citizens of this State it is incumbent on that person to at least indicate that he attests to the veracity of its content. The honourable member could have raised these matters outside this House if he were satisfied about the veracity of the allegations. But he has chosen to raise them here under privilege. He must be prepared to attest to the fact that he believes that what he is saying is absolutely 100 per cent accurate, and stake his reputation on it. Otherwise the appropriate thing for him to do, given that he is impugning Federal members of Parliament and making all sorts of allegations, would be to raise the matter outside this House.

The Hon. C. J. S. LYNN: Further to the point of order: It is obviously a sensitive issue for members of the Labor Party. They are using my time to cover up an issue that has been brought to my attention. I have spoken with the person who wrote the letter, and that person has requested that I read it onto the record.

The Hon. Jan Burnswoods: Further to the point of order: That is a separate point of order. I ask the honourable member—

The Hon. C. J. S. LYNN: Further to the point of order: They are wasting time because they are trying to cover up what they know is an absolute rort. They are covering up because they do not want this stuff on the record because they know it is true. They know this stuff has been going on in western Sydney ever since they started out there. They know it is true; they know the dam is breaking and they cannot stop it.

The DEPUTY-PRESIDENT (Reverend the Hon. F. J. Nile): Order! The Hon. C. J. S. Lynn will resume his seat.

The Hon. Jan Burnswoods: Further to the point of order: The Hon. C. J. S. Lynn has now repeated the point several times. I object violently, and I ask you to ask him to withdraw the allegation that I, the Hon. P. T. Primrose, or any of us are engaging in a cover-up. That is a very offensive remark.

The DEPUTY-PRESIDENT: Order! The Hon. Jan Burnswoods has requested that the Hon. C. J. S. Lynn withdraw the statement that members of this House are engaged in a cover-up.

The Hon. C. J. S. LYNN: I withdraw that statement. They are preventing me from getting information onto the record that they know is true.

The Hon. P. T. Primrose: Point of order: You have asked him to withdraw this statement. If he wishes to continue, I ask that he do so by way of substantive motion against me. Otherwise I request that he withdraw the statement.

The DEPUTY-PRESIDENT: Order! The statement has been withdrawn.

The Hon. Jan Burnswoods: Are you going to rule on the point of order?

The DEPUTY-PRESIDENT: Order! The member's time has expired, so the point is now academic.

BANKSTOWN MULTICULTURAL CHRISTMAS CELEBRATION

The Hon. ELAINE NILE [9.22 p.m.]: I bring to the attention of the House the joyful multicultural Christmas celebration that took place at Paul Keating Park at Bankstown on Saturday 2 December. The celebration started at 11 o'clock in the morning and went right through until 9 o'clock at night. It was wonderful to be there and to see all the different communities participating. The opening ceremony was conducted by the Mayor of Bankstown, Kevin Hill, who has been a member of the Bankstown City Council for 25 years. The Regents Park Christian Community School Band performed, an Indonesian group sang for us, and a Bangladeshi and Fijian multicultural program entertained us.

The Regents Park Public School choir was absolutely beautiful. It was a joy to hear young people of so many different nationalities singing *We Are Australian*. They were absolutely wonderful. A Filipino group from the Church of the Living God and Arabic Youth led by Pastor John Nammour from the Toongabbie Arabic Church also participated in the celebration. The Ethnic Affairs Commissioner, Stepan Kerkyasharian, gave the keynote address. It was interesting to hear him speak about the different groups who came together for the celebration as a community, especially those from the Bankstown area. Spanish dancers and a Tongan group were part of the celebration. A Christmas message was delivered by my leader, Reverend the Hon. F. J. Nile, who spoke on "The Challenge of Christmas", that Jesus Christ was born to die, the reason for His coming, and that the Christ child, born in a manger, was 33 years later to be hung on a cross to die for the sins of the world. After the Indonesian group, in the middle of the program was a Presentation for Football competition, which is very Australian. A Cook Island group, a Korean group, a Samoan group and a Pakistani group took part in the celebration. It was a real joy to hear Dr Esther King, a Fijian evangelist, backed by a group of young people, deliver her updated message in song and movement. She made everything exciting.

At 7 o'clock that night were the Christmas carols, which were sponsored by the Bankstown Combined Churches. Taking part was the Korean choir. Such a choir I have never heard. It was absolutely perfect. The choir sang "Jerusalem" and Handel's "Messiah". The local Catholic priest delivered a message as well and the evening finished with a standing ovation. It was just wonderful to see everyone gathered together in the park. As I said to the Mayor, "We left here 42 years ago, when we were married, and it was like coming home again." We

remember the bodgies and widgies in those days in Bankstown Square and so on. I congratulate Pastor Zahir Ahmed, President of the Christian Multicultural Christian Celebration program and Pastor Daniel Win, Chairman of the Christmas Celebrations, who said:

> It is a great privilege to join with you and be part of this Multicultural Christmas Celebration. This event is not only another occasion to celebrate the birth of our Lord Jesus Christ but also a blessed opportunity to bring all the multicultural churches together as a body of Christ.
>
> The Bible tells us that unity of the body of Christ brings glory to God. Actually we are all in one body, one Lord and there is no barrier before God. This very unity can only be emphasised as we meet today.
>
> I believe that this Multicultural Celebration will allow the churches to break through the cultural barriers … and the racial barriers.

I believe that the multicultural celebration will allow the churches to break through those barriers. Pastor Win concluded:

> Once again it is a great privilege and joy to see us breaking those barriers and supporting the need for our multicultural churches to be united together to celebrate God 's Glory.

He blessed and welcomed all present. As I said recently when speaking to a bill, we get great joy from eating the foods of the many cultures that have become part of our Australian society. Most Christians accept other cultures in our society, although I am aware that some have hang-ups along the way. It was wonderful to see the combined churches, especially Christians, and young people from our schools singing at the celebration. One member of the Regents Park Public School choir was a Muslim girl. [*Time expired.*]

PRODUCTIVITY COMMISSION TRADE AND ASSISTANCE REVIEW

The Hon. A. B. KELLY [9.27 p.m.]: I bring to the attention of the House the recent trade and assistance review of the Productivity Commission, and its implications for rural and regional Australia. I welcome the Government's urgent motion expressing grave concerns with the commission's report, and a call for a review of the Productivity Commission and the National Competition Council. The Productivity Commission's report on the agriculture industry shows just how out of touch it is with the real needs and concerns of rural and regional Australia. Whilst acknowledging Australia's comparatively low levels of government assistance, the review calls for even further cutbacks in Federal Government assistance.

The Productivity Commission has a vision of Australian society with no effective role for government in matters such as research, adjustment packages and the development of new market opportunities. I suggest that commission officers leave their models behind in the office and get out into the community and see for themselves the day-to-day impact of their decisions. What they will see are rural and regional communities struggling to survive. They will see communities slowly being drained of their economic and social vibrancy, with many local primary producers being forced from their livelihoods, the displacement of many rural families, and vital services disappearing with each passing day.

That is the tragic reality of the Productivity Commission's vision. That is why I support the Government's call for an urgent review of the commission and the National Competition Council. With the backing of the Howard Government those two bodies have wreaked havoc throughout Australia and pointed our society towards a fragile conglomeration of fiercely competing commercial interests. That is the future that the likes of Howard, Reith and Costello have mapped out for Australia. It is a bleak future where the disadvantaged, families and small businesses are swept aside in favour of global capitalism and the domination of multinationals. It is a vision that goes against the grain of our society's most intrinsic values.

That means little to the Federal Government as it is interested only in cutting costs and slashing services, regardless of the social impacts or the fact that in the long run such intervention may in fact save money. It is a short-sighted view which brings only pain to rural and regional communities, a view worsened by its failure to appreciate the nature of agricultural production with its fluctuating market conditions. Governments should have a key role in smoothing out those market fluctuations, guiding and protecting industries rather than abandoning them solely to the market. But that is the Coalition's concept of good government. A good example of the short-sightedness of that approach is the experience of the pork industry over the last 12 months.

In late 1997 I spoke out strongly against the Howard Government's decision to remove barriers to pig meat imports. The impact was devastating—a collapse in pork prices forced almost 500 producers out of the industry accompanied by social and economic cost conveniently ignored by the Howard Government. A virus in

south-east Asian pigs earlier this year saw new export opportunities for our pig producers. Subsequently prices rose 50 per cent over what they were last year. Unfortunately, this was no compensation for the almost 500 producers already abandoned by the Federal Government. Producers cannot simply enter and exit the market as they please despite what may be contained in some economic textbooks.

If Federal assistance had been maintained, 500 producers would still have been productive members of the pork industry, and their families, their communities and associated businesses would have shared in this reversal of fortune. That is what happens when short-sighted penny pinching wins out over longer-term perspectives. The Howard Government has failed to heed the lessons of the pork industry and now has done the same thing to the dairy industry. This is why Country Labor will continue to defend the longer-term interests of our primary producers and rural and regional communities: speaking out against a Federal Government policy of deregulation for deregulation's sake, which is ripping out the heart of the country.

I note that sections of the National Party are even beginning to question the views of their Liberal masters and Federal national colleagues. I welcome the support of the honourable member for Murrumbidgee and the honourable member for Orange for the Carr Government's motion against the Productivity Commission's recent review. Finally, perhaps some Nationals are beginning to listen to their electorates, which, as expressed in a recent *Land* editorial, are particularly sick of National Party politicians saying, "They have got the economy right." I hope the National Party will continue to follow the lead of Country Labor. The people of rural and regional New South Wales deserve no less.

BHOPAL UNION CARBIDE DISASTER SIXTEENTH ANNIVERSARY

The Hon. R. S. L. JONES [9.32 p.m.]: Sunday marked the sixteenth anniversary of one of the world's worst industrial disasters at the Union Carbide factory in Bhopal, India, where an estimated 3,000 to 6,000 people died and 500,000 people were injured and continue to suffer as a result of the accident. On 3 December 1984 an explosion as a result of routine maintenance at the Union Carbide factory released 40 tonnes of deadly methyl isocyanate gas and other unknown trade secret components that reached 500,000 sleeping people. The alarm siren at the factory had been turned off so that the people only knew about the explosion after the poisonous clouds had surrounded them. People woke surrounded by toxic gas, their lungs became clogged with fluids and they died of suffocation.

Sixteen years on people are still being poisoned and their treatment hampered because of the failure of Union Carbide to disclose trade secret ingredients. Many survivors have lung damage. Survivors have also shown neurological symptoms including headaches, disturbed balance, fatigue, depression and irritability. Other side effects still in evidence are abnormalities and damage to the gastrointestinal, musculoskeletal, reproductive and immunological systems. This range of ghastly damage is found in up to 500,000 people from Bhopal, which is equivalent to more than 10 per cent of population of Sydney.

Union Carbide has left behind a toxic legacy in Bhopal where ground water and drinking water are still contaminated with mercury, heavy metals and organochlorines, and toxic waste and soil have still not been cleaned up. Large amounts of these chemicals are still stored on site at Bhopal, without adequate containment, because the Indian Government does not know how to dispose of them and Union Carbide has abandoned India and its former factory site, leaving its deadly cocktail of poisons for others to clean up. Union Carbide also left behind a toxic legacy in Australia. Although we did not have the death toll of Bhopal, there is no accounting how much damage the contamination has done to the environment and to workers at the former factory at Homebush Bay, adjacent to the Olympic site.

Union Carbide Australia left us one million tonnes of contasminated land and sediment from its operations on the site between 1957 and 1976. The bay is now one of the most contaminated waterways in the world, riddled with carcinogenic dioxins, organochlorines and DDT. Much of this is a direct result of Union Carbide, which has successfully minimised its legal responsibility, as it has in Bhopal. The New South Wales Government and taxpayers will foot the enormous bill for the clean-up of the contaminated site that caused major problems in the lead-up to the Olympics due to the cost blowout and the size and complexity of the job.

Many of the chemical residues, such as the organochlorines, identified at the former Union Carbide India site, and in Sydney, are known to persist for extended time in the environment, retaining their toxic and carcinogenic effects to animals exposed to them. They have been identified as active residues in the Arctic environment following the explosion, indicating their ability to withstand extremes of climate and distance. Union Carbide India did not follow safe working practice as we know it in Australia, nor did it follow the laws it

would have been required to follow in its home country, the United States of America [USA]. That is why Union Carbide was in India, and that is why it was registered as an Indian subsidiary—to keep costs down.

The Bhopal disaster served to remind us of the consequences of irresponsible corporations. In the home country of Union Carbide, the USA, the company's share price went up by $2 with the announcement of the compensation payout from the company to the Indian Government, because it was tiny and did not greatly challenge Union Carbide's bottom line. All this suffering for a pesticide, Sevin, that the planet certainly does not need.

ST PETERS SYDENHAM TEMPE NEIGHBOURHOOD CENTRE

Ms LEE RHIANNON [9.36 p.m.]: The St Peters Sydenham Tempe Neighbourhood Centre is a community-based, non-profit organisation that has been operating in the inner western suburbs of Sydney since 1986. The centre has been vocal in expressing the concerns of local residents adversely affected by the activities of Federal, State and local governments. In doing so it has been a constant irritant to local Labor Party members. Recently the centre clashed with the local council and the State Government over the controversial remediation of Tempe tip.

Until 18 months ago, the membership of the centre was primarily composed of local residents, the majority of them belonging to no political party. On average, five new people joined the centre each year up until 1998. In that year 38 people joined. In 1999 new applications swelled to 102, and a further 37 applied in the first half of this year. There are now approximately 260 members. Among this influx of new members over the past 18 months were three members of the staff of the Minister for Juvenile Justice, three members of the staff of the Federal member for Grayndler, and a member of the staff of the Attorney General, as well as the Labor Mayor of Marrickville and every Labor member of Marrickville Council. All these individuals joined using membership application forms that did not comply with the rules of the centre.

When their membership applications came before the centre it was stated on their behalf that they had all been nominated by a Ms Vivienne Johnson. Ms Johnson has sworn in an affidavit that she did not nominate any of these seven ALP staffers for membership. So seven ALP staffers forced their way into the centre in breach of the rules of the centre, and then set about joining up another 50 people. Here we have ALP branch stacking techniques used on a community centre. Existing members of the centre attempted to challenge the validity of these seven ALP staffers' memberships at several management committee meetings and by convening a special general meeting. At every turn the Labor Party used its numbers to prevent these issues being aired.

The special general meeting broke up in disarray. Police were called and violence ensued, during which two women were accosted, manhandled and roughed up by a Labor-aligned individual. Although this is certainly in the unpleasant traditions of ALP violence in the Marrickville area—honourable members will recall the seriousness of the bashing of Peter Baldwin and the violent behaviour that characterises the Enmore branch of the ALP—of even greater concern, in my view, is that these appalling Labor practices are leaching out from within the ALP and into the community. In the face of all this stacking, the long-term members of the centre were left with no alternative but to seek relief from the Supreme Court, but before the matter could be allocated a hearing date, all defendants resigned from the centre. This had the effect of preventing the conduct of these defendants being aired in a court of law, and it is for that reason that I am raising the matter in this forum. The mass resignation was a calculated attempt to avoid scrutiny.

It is a matter of extreme concern that Labor branch stacking practices have spread outside the party's own borders. This small neighbourhood centre was targeted by the ALP and has been destroyed by the ALP because it voiced residents' concerns on matters of enormous importance to the local community. This is particularly disappointing because the St Peters-Sydenham-Tempe area is widely acknowledged to be one of the most socially and economically disadvantaged areas in Sydney. The residents of the St Peters-Sydenham-Tempe area have suffered considerably, with the third runway, Tempe tip and the M5 motorway all being inflicted on this area by Labor governments. This is not the big end of town speaking; it is the voice of the battlers. They are the people that the ALP should be supporting, not working to discredit and undermine.

REFERENDUM FOR THE ENVIRONMENT AND OUR CULTURAL HERITAGE

The Hon. Dr A. CHESTERFIELD-EVANS [9.40 p.m.]: I speak for Ted Roland of Westmead, who has set up a group called REACH—Referendum for the Environment and our Cultural Heritage. Basically, Ted

would like the Federal Government to give intergenerational equity to restore and protect all we hold in trust for the future, including relics, sites, features, areas, wildlife, buildings or things of Aboriginal and other historical, cultural, architectural, scientific, aesthetic, ecological or environmental importance; to care for the maintenance of the balance of nature; to manage land, marine and atmospheric use so as to avoid their degradation; and to act nationally and internationally in any matters related to these objectives, including preventing military and commercial use of uranium and derivatives, halting beach and related mining, preserving heritage areas including the Great Barrier Reef region, and extending that heritage area into the Torres Strait Islands region.

Ted has been working through the group REACH, which was formerly the Great Barrier Reef Referendum Committee, to try to get a referendum on issues including looking after the Australian environment in the Constitution. Ted was born in 1915 into a completely different world in which there was very little degradation. The Amazon rainforest was still pretty healthy then and the idea was still one of conquering the wilderness—and there was ample wilderness to conquer. Unfortunately, since then environmental degradation has occurred with accelerating speed. In the 10 years preceding 1993, 8.5 per cent of the world's arable land was lost. The world's population is doubling every 35 years. Forest clearance is enormous and wildlife numbers, biodiversity and so on are decreasing. Ted wants this referendum to be part of the Australian Constitution so that it is in the very fabric of the rules by which we live. He also wants intergenerational equity through this referendum, and he wants this to happen while he is still alive. Hopefully, with the changes to the Constitution, this can be achieved.

[*Time for debate expired.*]

Motion agreed to.

House adjourned at 9.43 p.m.