

Second Reading

The Hon. PENNY SHARPE (Parliamentary Secretary) [5.01 p.m.], on behalf of the Hon. John Robertson: I move:

That this bill be now read a second time.

The Waste Recycling and Processing Corporation, which trades as WSN Environmental Solutions, or WSN, operates a State-owned waste collection and processing business. The purpose of the bill is to allow the Government to transfer WSN to the private sector. The Government announced in late 2008 that it intended to investigate the possible sale of WSN. Expert financial, legal, tax, accounting and environmental advisers were appointed to undertake a comprehensive strategic review of WSN that considered factors such as the suitability of a transfer to the private sector and the proposed transaction structure. I seek leave to have the remainder of the second reading speech incorporated in *Hansard*.

Leave granted.

Following the completion of this review, the Government announced its intention to proceed with the transaction and consequently is now tabling enabling legislation.

The Government has decided to proceed with this transaction for a number of important reasons.

Firstly, the sale of WSN addresses the inherent conflict between Government being both owner and regulator of this business.

Secondly, WSN operates in an increasingly competitive market along with private sector operators, who are best placed to make the significant technology development and capital investment necessary in this growing industry.

There is growing demand for Alternative Waste Technology—or AWT—facilities, which serve the critical function of diverting waste from landfill and form an important part of the Government's waste strategy.

While WSN has taken a lead position in the development of AWT facilities, the Government believes the private sector is best placed to make the significant investment that will need to be made over the coming years.

The Government has committed as part of this bill to report on how the transaction complies with the Government's waste management strategies and also to address any outstanding competition issue.

Taxpayers will benefit by shifting the need for this additional investment from the public sector and the community as a whole will benefit through the investment of the sale proceeds in the priority areas of health, education and transport.

It is important to note that the transferred business will continue to be managed in accordance with strict environmental regulations, regardless of ownership.

If I may turn to the details of this bill.

Part two of the bill authorises the transfer of WSN to the private sector.

To provide flexibility, part three of the bill authorises the transfer of WSN to the private sector through various methods:

Firstly, through direct vesting of assets and liabilities;

Secondly, through the conversion of WSN to a Corporations Act 2001 company and the subsequent transfer of its shares;

Or thirdly, through the establishment and transfer of a new company.

The bill provides the Treasurer with the necessary powers and functions to effect the transfer to the private sector via one of these means.

The bill includes a provision allowing the new owner to be excluded from the payment of State taxes relating to this transaction, such as stamp duty.

It should be noted that Section 52A of the Conveyancing Act 1919 does not apply to a contract for the sale of land that is entered into for the purposes of this transaction.

In Clause 19 of the bill, it is made clear that provisions in the State Owned Corporations Act 1989 do not in any way prevent, restrict or otherwise limit the carrying out of this transaction.

This applies also to the Waste Recycling and Processing Corporatisation Act 2001. There are also provisions to allow for the repeal of that Act, after the successful completion of the transaction.

In addition, the bill establishes the Waste Assets Management Corporation which will retain and manage sites not transferred to the new owner as part of this transaction. The Waste Assets Management Corporation will be under the direction and control of the Treasurer.

A General Manager will be appointed for the day-to-day running of the Corporation, and staff may be employed under Chapter 1A of the Public Sector Employment and Management Act 2002 to enable the Corporation to carry out its duties.

After discussions with the Opposition, the Government has agreed to direct cash and other assets sufficient to cover the provision for rehabilitation and future maintenance costs associated with the land fill sites to be managed by the Corporation.

These maintenance and rehabilitation costs are accounted for as liabilities in WSN financial statements. These liabilities will be determined by an independent technical expert, as occurs now. This will allow external verification of the fund balance.

A key part of this bill relates to employee protections for those currently employed by WSN.

The bill authorises the transfer of employees to the private sector, and the continuation of their existing leave and superannuation entitlements, as well as a three year employment guarantee for permanent employees.

Temporary employees will receive a three year guarantee or to the end of their fixed term, whichever occurs first and the bill empowers the Treasurer to provide transfer payments to those employees who choose to move across to the private sector.

The bill also includes a provision to allow permanent and temporary WSN employees to remain with the public sector if that is their preference.

The bill I am introducing today is part of the Government's responsible program of transferring non-core assets to the private sector to strengthen the State's financial position.

This, in turn, improves the Government's ability to focus more resources to core social services such as health, education, roads and transport.

Significantly, it also addresses the Government's conflict of interest as owner and regulator of the WSN business.

While divesting ownership of WSN, the Government will continue to regulate the waste industry in New South Wales to minimise the impact of waste facilities on the community and the environment.

I commend the bill to the House.