

Second Reading

Dr JOHN KAYE [3.07 p.m.]: I move:

That this bill be now read a second time.

The Protection of Public Ownership Bill gives Parliament the final say on privatisation and outsourcing of assets and services. The Greens introduced this bill at a time when the public sector is particularly vulnerable to a Government seeking a quick injection of cash to offer those things that it sees as being advantageous in its March 2011 election campaign. The Greens introduce this bill at a time when the public sector is vulnerable to the ideology that runs through Treasury—an ideology promoted by every single Treasurer since Michael Egan, and probably before—that job satisfaction is akin to one going home at night and saying, "Honey, I shrunk the Government." Kevin Rudd said that neo-liberalism is over, but we need to take a much closer look at New South Wales, where Labor's fire sale of assets is the embodiment of a neo-liberal ideal of downsizing the public sector and reducing public sector involvement in the economy.

The intention of this bill is to prevent, without the consent of both houses of Parliament, the sale of any publicly owned asset, corporation or undertaking where the value of the asset is greater than \$1 million. It also prevents the outsourcing of public services and other activities with a cost or income worth more than \$1 million and it prevents, without the consent of both houses of Parliament, the sale, lease or disposal of travelling stock reserves. The bill also prevents the sale of public education land unless the public education authority has entered into a contract to purchase land of equal or greater value in the same locality, and it prevents the leasing of land owned by a public education authority if it is required for a public education purpose. If it is not required for that public education purpose, it may be used only for another public sector purpose. The bill does not prevent the sale of major public assets or services; it requires the Executive Government to submit its privatisation plans to Parliament for the approval of both Houses to ensure appropriate levels of debate and public involvement in those decisions.

The New South Wales Government has engaged in a fire sale of assets—a fire sale of assets that was never foreseen at the previous State election. I remind the House that at the previous State election the Public Service Association [PSA], of which I and many members of this House are proud members, asked candidates to sign a public interest pledge that said job cuts equals service cuts. Item 3 of that pledge was a guarantee to protect public sector delivery of services for New South Wales. One of the most famous signatories of this pledge was none other than then Premier, Morris Iemma, who signed the Public Service Association pledge just before appearing on the stage before a crowd of about 3,500 people outside Sydney Town Hall. His signing of the pledge was welcomed by all present and was seen as a commitment over the ensuing four years by the Labor Government to not privatise public sector service delivery and services.

That pledge has been broken resoundingly on more than one occasion, and clearly it is the intention of the Government to break that pledge on far more occasions between now and March 2011. That is a breach of faith not only with the union movement and the people of New South Wales, but also with the membership of the Australian Labor Party. This bill, although motivated by a deep concern for the future of public sector services and assets, is not about stopping all sell-offs and outsourcing; it is about ensuring parliamentary oversight. Nothing in this bill in respect of major public assets or major public services, other than education land, stops the Government privatising or outsourcing services provided it is willing to submit plans to the Parliament to convince both Houses of Parliament that its plans are appropriate and ought to proceed.

The bill is about ensuring parliamentary oversight. It is about stopping the behind-the-closed-door deals that were evident with the attempt to privatise electricity holdings without public scrutiny and without regard to commitments made during a previous election campaign. The bill will ensure that debate is held in the open to force all governments to have their plans subjected not only to the scrutiny of Parliament, but also to the scrutiny of public debate so that the community can have a say in the assets of the State, which, after all, they paid for, built and maintained. The bill is about political accountability also. It is about saying that every member of Parliament at the next election should face the voters on the basis of their track record in respect to privatisation.

We want to remove all ambiguity when a politician goes to an election so there is no hiding behind phrases like, "Well, that was party politics" or "That was Caucus solidarity" or "Well, I didn't have a say in it because in the end it was determined by the Executive Government or by Cabinet." Every politician must own up to the actions of his or her government. Every politician needs to be prepared to face the voters and say, "Yes, I voted for electricity privatisation", "Yes, I voted for privatisation of lotteries", "Yes, I voted for things that were yours and I have decided they should no longer be yours." Only then can we have a fair and honest debate about the future of public sector provision.

In 2008 the Iemma Government's electricity sell-off failed to obtain approval from this House, and that brought down both the Treasurer and the Premier. In 2009 a new Premier, a new Treasurer and a new proponent of

electricity privatisation, finance Minister Joe Tripodi, intend to sell off the retailers who provide electricity sales and services to 94 per cent of customers. The electricity retailers have a large public sector workforce and their sale will have huge consequences for the quality of service delivery and electricity bills, and huge impacts for the workforce and for greenhouse gas abatement. The Rees Government intends also to sell off the trading rights of the large electricity generator. Last year in budget estimates hearings senior Treasury officials admitted to questions posed by the Greens that the effect of selling off the trading rights was to hand over control of the generators to the private sector for 25 years with enormous consequences for greenhouse gas emissions and also for the workforce.

A third component of this sell-off is to sell off development sites for the potential development of 4,700 megawatts of fossil fuel power stations at Mount Piper west of Lithgow, at Bayswater in the Upper Hunter, and at Munmorah on the Central Coast. If these power stations are built by the private sector from coal by data contained in the Owen inquiry and in submissions to the Department of Planning, about 30.2 million tonnes of carbon dioxide will be emitted from them. That represents a 57 per cent increase in the State's electricity sector emissions and the greenhouse gas equivalent of another seven million cars on roads in New South Wales. In short, this will have a major impact on greenhouse gas emissions, on employment and potentially on household electricity bills—and all this despite not getting parliamentary approval in 2008 and despite massive and overwhelming opposition, with opinion polls showing somewhere between 75 per cent and 80 per cent of the people of New South Wales being firmly opposed to electricity privatisation.

Nothing has changed between then and now. This is the same plan rebadged. This is the same plan going through without parliamentary scrutiny and without the support of the people of New South Wales and with the same impact on jobs, the environment and household bills. This is a fire sale with long-term consequences not only for the environment, but also for the revenue stream of New South Wales. This is giving away control over the future of the electricity industry in New South Wales, which is not only a major source of greenhouse gas emissions—it is responsible for about 37 per cent of the State's total greenhouse burden—but which is also a major component of the economy. Handing that to the private sector would be like a motorist taking his hands off the steering wheel when entering a particularly tight curve. It makes no sense to privatise the electricity industry. Whatever arguments were persuasive at the end of 2008 to stop privatisation are even more persuasive today. They are just as relevant and just as applicable to the proposals that finance Minister Joe Tripodi is pushing, and just as relevant to the employment, the economy and the New South Wales environment.

The only difference is that in 2008 the then Treasurer, Michael Costa, promised to bring the plans before Parliament. So, there was some public scrutiny. Now, however, Minister Tripodi and Premier Rees are trying to sneak this through with the same impacts but with a different strategy—a more clever and devious strategy. At least Treasurer Michael Costa, for his many failings, took things head-on and was prepared to have a debate in public about his intentions. Finance Minister Tripodi is doing this behind closed doors, away from parliamentary scrutiny and away from the public gaze. He knows full well that the public would be furious at the idea that what was rejected last year is being brought back this year with the same consequences. This is a breakdown of democracy. At the very least it is a denial of trust to the voters of New South Wales who elected this Government. This was never mentioned at the 2007 election. In fact, as I stated earlier, the opposite was said at that election. Then Premier Morris Iemma signed a pledge on behalf of the Labor Party that he would not privatise public sector services.

In the 1999 State election Labor campaigned against the Coalition strongly on a platform of no privatisation—a platform with which the Greens agreed strongly. Privatisation has been rejected by the people of New South Wales and it has failed to get through this Chamber. Now, in a back-door exercise, it is being run through without any scrutiny. How can the Government get away with this? In 1999 Treasurer Michael Egan rewrote the State Owned Corporations Act and the Energy Services Corporations Act 1995 by inserting two provisions. Section 20Y of the State Owned Corporations Act 1983 makes it clear that a main undertaking of a statutory state-owned corporation can be sold or disposed of with the prior written approval of the voting shareholding Ministers. That section was an invitation to privatisation without reference to Parliament.

Section 11 of the Energy Services Corporation Act prohibits the privatisation of an energy services corporation. But the Government has been clever. The plans announced by Premier Rees, just like those pushed by his predecessor, Premier Iemma, were not to involve the transfer of shares in the distribution or generation companies, and thus would not be affected by the provision. By cleverly structuring the privatisation, it avoids the provisions of section 11 of the Energy Services Corporation Act 1995.

This bill rectifies that error. It will ensure proper scrutiny of the power transactions. It will not stop the sell-off entirely unless this House and the Legislative Assembly say so, but it will ensure that the sell-off is not a fire sale. It will ensure that the terms, agreements and conditions are in the public domain so that there will be no surprises if the privatisation goes through. It will ensure that the public will have an opportunity to debate and have an input into the future of their electricity industry. It also will ensure that adequate scrutiny is brought to bear on a massive transaction that is being conducted behind closed doors by the Minister for Finance, Joe Tripodi. This is an important principle. These assets were paid for by the people of New South Wales, built by the working people of New South Wales, and maintained and run by the working people of New South Wales. No argument can be advanced that these assets belonged to Joe Tripodi, Premier Rees or the Cabinet. They do not

even belong to this Parliament. We hold them in trust for the next generation and we must do the best we can with them for ourselves, our children and our grandchildren. Privatisation is not satisfying that trust and fulfilling that responsibility.

In the mini-budget delivered on 11 November 2008, one line item that caused a great deal of grief for the Government was \$239 million in accelerated land sales from public education holdings from both public schools and TAFE colleges. One-half of that money, approximately \$120 million, was to provide new buildings and refurbished buildings in public schools and TAFE colleges. The other half was to go to general revenue. As the Director-General of the Department of Education and Training, Michael Coutts-Trotter, stated in a memorandum that was issued shortly after the mini-budget, the money was to go to support the salaries of nurses and police in this State.

In the Treasurer's second reading speech on the mini-budget, he identified both Seaforth TAFE and the Hurlstone Agricultural High School in Glenfield in south-western Sydney as target sites for the accelerated sale of land, although I think he acknowledged at that point that it would not be possible to raise all \$240 million from the sale of just those two sites. The Hurlstone Agricultural High School fought back hard. Sheep grazier organisations and various other organisations, teachers, parents, particularly the students, the Teachers Union and the community are fighting the sale not only because they are concerned about the devastation in agricultural education in Sydney and in other parts of New South Wales, but also because of heritage, green space and equity reasons and for the support of agriculture within the Sydney Basin.

The overwhelming concern is for future public education as a well-resourced system that can stand proud in the education landscape. As part of the campaign to stop the sale of the Hurlstone Agricultural High School this House approved a call for papers. One of the papers that emerged was a Department of Education and Training memorandum that identified all public schools with a land-holding of more than six hectares and all public primary schools with a land-holding of more than three hectares as having surplus land. The exact term used was that the land was "surplus to requirements". That land would be deemed to be surplus. The Government was deeply embarrassed by the release of that memorandum. In July this year the Minister for Education and Training said that there would be no major land sell-offs. A media release dated 15 July 2009 states:

Ms Firth said there was no plan by the NSW Government to sell off large quantities of school land.

There is no pressure from Treasury to sell large quantities of school land.

It is impossible to understand what the Minister is talking about. There is a black ink line item in the mini-budget that states very clearly that the intention is to sell off \$239 million worth of public education land. Somewhere between the Treasurer and the Minister for Education and Training there has been a substantial breakdown in communication. That created a lot of pain in the public education sector. Regardless of the details of the mess that the Government got itself into over its attempts to raise money off the back of public education lands, there can be no question that selling off public education land to raise revenue is a disaster for future generations—and even for the current generation. There is no question that there will be population increases in Australia. The question is: When we have more children, where will they go to school?

Balancing the budget's bottom line by selling off school land is simply a guaranteed method of impoverishing the future of public education. Once the land is sold it will be developed for strata title houses or units. It is a one-way street; there will be no returning to the large holdings of land that will be needed for public education. The Rees Government has in mind the irreversible run-down of public education land-holdings. There will be inevitable consequences of overcrowding in public school buildings and lands with public education becoming less desirable than education by the private school sector. It is very interesting to note that The King's School in Parramatta is situated on 40 hectares of land. The New South Wales Government is quite happy to give that school \$1.4 million in recurrent funding without any requirement to sell off any of its 40 hectares, yet the Government is targeting public schools that have a land-holding of only six hectares. There is incredible inequity in the New South Wales Government's approach to public education.

The Government sees public education as a cash cow that can have funding cuts and land sell-offs inflicted while many private schools continue to receive massive amounts in subsidies and retain large areas of land. On top of that there is the economic insanity of selling off a capital asset to pay for running costs. I am often accused of preaching to this House about economics, but is it not absolutely a truism that selling off a capital asset to pay for running costs of any enterprise inevitably will be an unsustainable strategy that will result in running out of money in the long term? The Government is looking for \$139 million from public education land. At least half of that amount will go into general revenue to pay for the salaries of nurses and police officers. For how long can that go on? What other assets will be sold in another three years time to continue to pay the salaries of important public sector workers? Members should make no mistake: the Greens support high salaries for public sector nurses and police, but selling off public sector land to pay those salaries is an unsustainable economic strategy that will impoverish the State in the long term. It will also deny us our duty to hand over the State to our children and grandchildren with as much wealth intact in the future, if not more, as when it was handed to us.

This bill recognises the challenges in demographic and urban geographical changes attaching to the

management of schools. Certainly there may be some sites that the effluxion of time will render less suitable than when they were first purchased. This bill affords flexibility to the Department of Education and Training while insisting on maintaining the same total value of land-holdings within the public sector. Certainly it allows the department to sell land when a school site is no longer suitable, but with the big proviso that other land is purchased to compensate for the loss of that land. The idea is that there should be no net loss of land. When land is held against future increases in population, it should be leased to other non-educational purposes within the public sector. The Greens are not trying to tie the hands of the Department of Education and Training in managing its land-holdings to suit the educational needs it must meet. What we are trying to do is tie up the meat-cleaver approach of Treasury and prevent Treasury from chopping off the choice cuts of land-holdings from the public sector to convert them to cash in a fire sale. This is an important commitment to public education and to the future of the public sector.

Henry Parkes had a vision 129 years ago of comprehensive public education for all young people in New South Wales. As part of that he convinced his Treasurer and his Treasury to purchase land and begin a process that continued for approximately another 100 years whereby land was purchased across New South Wales to create the great public school system that we have inherited. It is our honour and our duty to protect public education landholdings and to enhance them to ensure that in another 129 years there is still a fully functional, successful public education system sitting on a generous allocation of land so that young people can enjoy a free and secular education without being cramped into buildings that are too small on inadequate lands.

My colleague Ms Sylvia Hale will talk about the privatisation of prisons and the impact of this legislation on prisons. Suffice it to say that the Greens remain totally opposed to handing over prisons to the private sector for the reasons we have enunciated in this House, No doubt Ms Sylvia Hale will enunciate those reasons when she contributes to this debate. This legislation would stop the privatisation of prisons. My colleague Mr Ian Cohen will talk about the consequences of privatising travelling stock routes and the waste services network. He will explain how this bill will stop the privatisation of those important public sector activities. My colleague Ms Lee Rhiannon will talk about transport and ferries, and the impact of privatisation on them.

I refer to Pillar Administration, the superannuation services arm, and the consequences on the Illawarra, particularly in Wollongong, of privatisation of Pillar and the potential loss of up to 600 jobs, which will have devastating local economic consequences. That points to one key problem with privatisation: When a private sector owner takes over, the first thing they do is cut the workforce to push down costs and push up profits. There is no question that a privatised Pillar will see jobs slashed in the Illawarra, which already has high unemployment. It is simply irresponsible for the Government to privatise Pillar for the small handful of dollars it will receive and the large social costs it will incur.

It remains to be seen what else the New South Wales Government will put on the agenda, on the privatisation chopping block. It certainly remains to be seen what the Coalition will seek to privatise. This is not only about the immediate exigencies of a government strapped for cash and facing a difficult election seeking to sell off assets to fund a series of election promises. This is about all future governments. This is about ensuring that no future government can conduct privatisation behind doors. This is about ensuring that any government that wants to sell off an asset is forced to justify to the Parliament its exact plans and why those plans are in the best interests of New South Wales.

There are common principles across all privatisations. These are public assets; they belong to the people of New South Wales. They were built by, and are managed and maintained by working people in this State, and they were paid for by members of the community. They do not belong to the Treasurer, the Finance Minister, Cabinet or even the Parliament of New South Wales. We hold them in trust, and we must execute that trust with great caution. We must be mindful of what people expect us to do. We should be able to look the people of New South Wales in the eye and say, "We've done the right thing." At the moment we can hide behind Executive Government and say, "It's their problem, not ours."

This legislation will make privatisation firmly the provenance of Parliament. It will make it firmly our responsibility to ensure that assets in the public domain are looked after appropriately. All sell-offs have huge social and environmental consequences and result in job losses for public sector employees. Even when short-term protections are put in place, fewer employees in the long term can be guaranteed, with large-scale social consequences that can devastate the economy of rural and regional areas in New South Wales. It is important to put the check on all governments, to have a system of public sector regulation that ensures that public sector enterprises and activities are not sacrificed in a short-term dash for cash. In conclusion, I address the Labor members of this Chamber. I remind them of the pledge on their Labor membership cards and of what they have all signed off.

The Hon. Rick Colless: Point of order: My point of order relates to relevance. It is not appropriate for the Dr John Kaye to speak on behalf of the Labor Party or any other party in this Parliament.

Dr JOHN KAYE: To the point of order: I am not speaking on behalf of—

The Hon. Rick Colless: You are verballing them.

Dr JOHN KAYE: I am sure Labor members can look after themselves. In the short time I have left I will talk about a public pledge that members of the Labor Party, which is in government, made.

DEPUTY-PRESIDENT (The Hon. Christine Robertson): Order! There is no point of order. Dr John Kaye has the call.

Dr JOHN KAYE: The Labor Party membership card states:

I further pledge that I will actively support the Constitution, Platform and Principles of the Australian Labor Party including the democratic socialisation of industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields

If that pledge is to be anything other than hollow words, signed off in a desultory act of palming off the history of the Labor Party, Labor members must support this legislation.

The Hon. Michael Veitch: Point of order: I move that the membership card referred to by Dr John Kaye be tabled in the Parliament.

DEPUTY-PRESIDENT (The Hon. Christine Robertson): Order! Standing Order 56 applies to documents quoted by Ministers in debate. Therefore, the motion is out of order. However, Dr John Kaye may offer to table the information.

Dr John Kaye: To the point of order—

DEPUTY-PRESIDENT (The Hon. Christine Robertson): Order! I have ruled on the point of order. The motion is out of order. However, Dr John Kaye may seek leave to table the information.

Dr JOHN KAYE: For the record, I have removed the personal identification on the card. The card belongs to someone who is no longer a member of the Labor Party.

The Hon. Rick Colless: You!

Dr JOHN KAYE: No, it does not belong to me. I have not removed the information on the front of the card; I have simply removed the information from the back of the card to avoid embarrassment.

DEPUTY-PRESIDENT (The Hon. Christine Robertson): Order! Are you seeking leave to table that document?

Dr JOHN KAYE: I seek leave to table the front of the document.

Leave granted.

Document tabled.

Debate adjourned on motion by the Hon. Rick Colless and set down as an order of the day for a future day.