



## Local Government Amendment (Cudgegong (Abattoir)

### County Council Dissolution) Bill.

#### Second Reading

**The Hon. TONY KELLY** (Minister for Rural Affairs, Minister for Local Government, Minister for Emergency Services, and Minister Assisting the Minister for Natural Resources (Lands)) [10.11 p.m.]: I move:

That this bill be now read a second time.

I refer honourable members to the second reading speech delivered by the Minister in the other place.

**The Hon. DUNCAN GAY** (Deputy Leader of the Opposition) [10.11 p.m.]: I indicate, as was indicated in the other place, that the Opposition will not oppose this legislation. The Mudgee Regional Abattoir closed in early September and its 244 employees were officially made redundant on 11 September. The Federal Government immediately offered to help workers under the General Employee Entitlements and Redundancy Scheme [GEERS]. However, under New South Wales law those workers were covered by the Local Government Act, which does not guarantee the Federal Government—if it stands in place of the workers—priority of place in the creditors queue.

I do not think any of us wanted to be faced with this legislation. I am sure the people of Mudgee, given a choice, would not want that either. But, having said that, I simply say that we are here debating the bill. This is not a matter that is easily dealt with. It is a no-win situation for everyone. The legislation is an attempt to find the best possible solution to the problem. However, it is interesting that we are debating this bill at all, because I asked the Minister in this House whether we would need legislation to fix the problem and he said we would not. But we do. He said it was the Federal Government's problem. But it is not.

The Minister told me that it was the Federal Government's problem, but it is not. I put that on the record because it was only the week before last, the last sitting week, when I asked that question. It seemed incredible that only a day passed before events developed. But I suppose that is politics and we are here with this bill before the House. Much could be said about it. I think that the most important thing is that we get the bill passed. I know that the Minister is genuinely trying to help the employees, as was John Anderson. It is a pity that it got into a public slanging match at one time. I frankly cannot understand this mindset whereby if there is a problem that faces us in New South Wales the immediate reaction is to bag the Federal Government rather than get on and get something done. Thankfully, the Minister has bitten the bullet and is getting something done. To that extent, I congratulate him and offer whatever help the Opposition can provide for a sensible settlement that looks after the people of Mudgee. That has to be our prime concern. I guarantee that we will not be opposing this bill.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS** [10.15 p.m.]: The Australian Democrats support the bill as a good way of closing this loophole and doing the right thing by the abattoir workers.

**Ms SYLVIA HALE** [10.16 p.m.]: The Greens support the bill. However, we have grave reservations about the circumstances surrounding the closure of the abattoir. On the ABC *Stateline* program of 26 September the Minister for Local Government, through a spokesperson, said that he was trying to find a quick solution to the financial and jurisdictional problems raised by the facility known as the Mudgee Regional Abattoir. That is what we are presented with in the bill now: a quick, ad hoc solution. Much has been said about the financial position of the abattoir and the actions of the key players on this issue. Like many matters in local government, this issue has become a vitriolic and internecine dispute with the key players throwing all kinds of allegations at each other. I do not propose to address these issues but rather to focus on the fundamental problem that has allowed this situation to deteriorate, and ultimately had such a devastating impact on the lives of workers who have lost their jobs.

The abattoir was established 36 years ago. It grew ultimately to become the region's single largest employer. The impact of its closure and the failure to pay workers their full entitlements following the closure have had a devastating impact on the Mudgee community: 254 workers have lost their jobs and a further 200 agricultural jobs involved with supplying the abattoir are at risk. The abattoir contributed some \$50 million to the local economy. The ramifications of this sorry tale of financial mismanagement affect not only the immediately employed workers but the entire local economy. The situation is made all the more desperate given that the closure of the Mudgee abattoir followed closely on the heels of the closure of the nearby Forbes abattoir, which resulted in the loss of some 240 jobs. The real question is: How did two shire councils and an associated county council rack up \$8 million in debt, as against \$2.5 million in assets, without anyone being brought to account? Clearly, there is an urgent need for the State Government to clarify the lines of accountability, both managerial and financial, in these arrangements. The State Government cannot absolve itself of all responsibilities in these matters. I quote directly from the Minister's second reading speech:

In 1997, under the administration of the then Minister for Local Government, special legislation was enacted at the

request of the county council to enable it to secure loans for expansion by mortgaging its lands.

In September 2001 the former Minister for Local Government consented to the county council participating in the formation of a joint-venture company to manufacture biopharmaceuticals...

In March 2002, pending sale of the abattoir, ministerial consent was given to the abattoir's incorporation as a company.

As I said, the State Government cannot wash its hands or absolve itself of any responsibility for the financial difficulties into which the abattoir moved itself. In this case the losers are essentially the employees of the abattoir and the workers in the region. It is clear that we urgently need a national scheme to ensure that workers are not the losers when companies go belly up, to ensure that workers receive 100 per cent of their entitlements rather than only a small portion of them. It is impossible to comment on the detail of this bill because the Government introduced it into the House yesterday. In fact, it forgot about the bill at the regular briefing of the crossbench and staff hurriedly delivered notification of it later in the day. The notification consisted of one page containing 17 lines of text. The bill was delivered to my office less than an hour and a half ago.

To the people who lost their jobs at Cudgegong, the Greens would like to say that their plight has not been debated in this House in a meaningful and considered way. Unfortunately, they have been dismissed and the bill has been rushed through in 24 hours. The Greens recognise that the blame does not lie solely with the State Government. While the Deputy Prime Minister, John Anderson, has suggested that the State should guarantee these workers' entitlements, the Howard Government has acknowledged that employee entitlements in cases of insolvency are a Federal issue and that that is why the General Employee Entitlements and Redundancy Scheme [GEERS] was established. But there is nothing in the operational arrangements of GEERS to suggest that the employees of Cudgegong should not be eligible.

The Howard Government set up GEERS following the payment of 100 per cent of entitlements to the employees of National Textiles, a company that was run by the Prime Minister's brother, Stan Howard. Since then, only a limited part of the entitlements owed to employees in other cases have been paid as a result of other corporate failures. It remains to be seen what GEERS ultimately pays the workers involved in this case, but I suspect that it will not be 100 per cent of their entitlements. The union has joined in with Deputy Prime Minister John Anderson's calls for the State Government to guarantee that it will make up any shortfall in their payment. The Greens add their voice to the call. The State Government must accept part of the responsibility for this debacle.

**The Hon. TONY KELLY** (Minister for Rural Affairs, Minister for Local Government, Minister for Emergency Services, and Minister Assisting the Minister for Natural Resources (Lands) [10.21 p.m.], in reply: I thank honourable members for their contributions to the debate and for their support for the bill. In particular, I thank the Opposition for its support in ensuring that former employees of the Mudgee Regional Abattoir will not have to wait any longer for their entitlements. I also thank the honourable member for Upper Hunter, George Souris, in the other House. I quickly point out to the Deputy Leader of the Opposition, the Hon. Duncan Gay, that comments I made in the House in response to his question were made prior to the Federal Government informing this Government of exactly what was required in legislation. In response to his question, I am now able to inform him that the Federal Government made that known the next day—that is, a week ago last Friday. I also state for the record that on that day the Federal Government flew its representatives from Canberra to discuss exactly what was needed in the legislation so that the State provisions could mirror Federal provisions.

**The Hon. Duncan Gay:** You should have listened to me the day before

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