

Second Reading

The Hon IAN MACDONALD (Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development) [5.19 p.m.], on behalf of the Hon. Michael Costa: I move:

That this bill be now read a second time.

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

Leave granted.

The Auditor-General (Supplementary Powers) Bill 2008 is the third bill in a package of legislation concerning the proposed electricity restructuring. The Electricity Industry Restructuring Bill 2008 and the Community Infrastructure (Intergenerational) Fund Bill 2008 are already before the House. Over the past 12 months the New South Wales Government has demonstrated an overwhelming willingness to undertake meaningful and genuine negotiations. We have entered into these discussions in good faith to secure the future electricity supplies of this State. We have listened to all sides of this complex and, at times, emotional debate. The Government has undertaken extensive discussions with the trade union movement, which has led to the adoption of the overwhelming majority of the recommendations of the Unsworth committee. The Government has consulted widely in the community and in this Parliament. This bill represents the culmination of those discussions.

With this legislation, the Government will provide additional authority for the Auditor-General to report to the Parliament on the Government's proposed strategy. It will be an accountable and appropriately scrutinised transaction process. The Auditor-General (Supplementary Powers) Bill 2008 provides for the Auditor-General to undertake a review of the Government's overall strategy for the electricity industry restructuring. This review must be completed and a report presented to Parliament before any assets can be sold or leased to the private sector. The Auditor-General's review will be required to assess the appropriateness of the Government's strategy in terms of maximising financial value for taxpayers. It will review the proposed transaction methods, the sequencing of transactions, the proposed timing—including the impact of external factors such as prevailing debt and equity market conditions—and the proposed emissions trading scheme. It will also review any contingent liabilities that accrue to the State and any other factors that may impact on the sale price of the assets.

After recent discussions between the Government and the Opposition, the following has been agreed. In developing his report, the Government expects the Auditor-General will take into consideration the proposed emissions trading scheme together with the current electricity hedging and coal contracts. Having regard to foreign ownership issues, the Government expects the Auditor-General will also consider the strategy's approach to foreign ownership. The Commonwealth's Foreign Investment Review Board has jurisdiction in this area.

The competition effects of the Government's proposals will be initially assessed by the Australian Competition and Consumer Commission with the benefit of an information memorandum prepared by the Government. This submission will be made available to the Auditor-General. Having regard to the transaction process contained in the strategy, the Auditor-General will be able to engage independent experts to provide him with advice. In the normal course, we expect the Auditor-General would consider issues such as the effect on the net transaction proceeds of the debt levels in the businesses, electricity hedging contracts, coal contracts and incentive payments for the workforce. The review will also assess the financial impact of the Government's proposed community safety net, including the protections that will be put in place for workers, pensioners and low-income earners allowing the Parliament and the community to assess the effectiveness of the Government's policies.

I also take this opportunity to foreshadow that the Government will introduce related amendments to the other electricity bills before the House. Those amendments will further clarify and enhance the Auditor-General's oversight role and will require that the network of Country Energy's customer service centres continues to operate in support of its distribution assets. It will also ensure that a charter for the community infrastructure fund is established to guide its operation and purpose and to set out administrative and governance arrangements. I also inform the House that a rural communities impact statement being prepared by independent experts will be available in the next few weeks.

With this, the Government is delivering lock, stock and barrel on the matters brought to its attention by the leaders of the Liberal Party and The Nationals. Each request has been accepted and acted upon on its merits. The legislation and the amendments to be introduced fulfil each and every request, point by point. The implementation of the Government's plans to secure New South Wales' future energy supplies is the most important economic initiative undertaken in this State in a generation. It will put New South Wales on a path to future prosperity. Every member of this Chamber will bear responsibility for the profound economic consequences if we fail to act. We will all be harshly judged if we bring those consequences down on the people of this State because we, as lawmakers, cannot see past the political melee to act in the greater public interest. I commend the bill to the House.