



DEBATES

OF THE

LEGISLATIVE ASSEMBLY

FOR THE

AUSTRALIAN CAPITAL TERRITORY

HANSARD

2 February 1999

Tuesday, 2 February 1999

Routine of business	1
Territory's Superannuation Commitments - select committee	2
ACTEW Corporation Limited - proposed disposal	36
ACTEW (Transfer Scheme) Bill 1998	85
Study trip.....	86
Authority to broadcast proceedings.....	86
Pinochet regime	86
Universal Declaration of Human Rights.....	87
Subordinate legislation	87
Milk Authority (Amendment) Bill 1999.....	90
Justice and Community Safety - standing committee.....	93
Gambling - select committee	93
Adjournment.....	94

Tuesday, 2 February 1999

MR SPEAKER (Mr Cornwell) took the chair at 10.32 am and asked members to stand in silence and pray or reflect on their responsibilities to the people of the Australian Capital Territory.

ROUTINE OF BUSINESS
Suspension of Standing and Temporary Orders

MR HUMPHRIES (Attorney-General, Minister for Justice and Community Safety and Minister Assisting the Treasurer) (10.33): Mr Speaker, I move:

That so much of the standing and temporary orders be suspended as would prevent the following business having precedence over all other business in the routine of business for the remainder of this sitting:

- (1) Assembly business, order of the day No. 1, relating to the presentation of the report of the Select Committee on the Territory's Superannuation Commitments;
- (2) Executive business, notice No. 1, relating to the disposal of ACTEW Corporation Limited;
- (3) Executive business, order of the day No. 1, relating to the ACTEW (Transfer Scheme) Bill 1998;
- (4) Presentation of papers;
- (5) Presentation of Milk Authority (Amendment) Bill 1999, by leave;
- (6) Presentation of Scrutiny Report No. 15 of 1998 of the Standing Committee on Justice and Community Safety;
- (7) Select Committee on Gambling, motion, by leave, to amend the resolution appointing the committee.

Mr Speaker, this motion provides for a certain number of items to be dealt with today. It does not provide for question time. This is in keeping with the precedent set on earlier occasions when a day has been set aside for specific debate on specific issues. The issue today is ACTEW.

Question resolved in the affirmative, with the concurrence of an absolute majority.

TERRITORY'S SUPERANNUATION COMMITMENTS - SELECT COMMITTEE Report

MR QUINLAN (10.34): Mr Speaker, pursuant to order, I present the report of the Select Committee on the Territory's Superannuation Commitments, including a dissenting report, together with the minutes of the proceedings. This report was provided to the Acting Speaker for circulation on Saturday, 30 January 1999, pursuant to the resolution of the Assembly of 10 December 1998. I move:

That the report be noted.

Mr Speaker, this is a majority report, plus a dissenting report from Mr Hird. It is my pleasant duty to inform the Assembly that members can look forward to a very erudite dissension from Mr Hird, a dissension that, quite obviously, has been the model for the Government's objection. To the eternal discredit of some of us on the committee, we did show some scepticism for a brief while, but we have been thoroughly assured that Mr Hird prepared his dissension last Friday evening by his own hand.

We have taken notice of Mrs Carnell's very great concern, in that she called Mr Rugendyke to ensure that he had not received a copy of the draft report, as that would be a breach of privilege. We thoroughly agree with those concerns.

I have to say that, if Mr Hird wishes to pursue a career after politics, there is every indication that he has the writing qualities of a chief of staff for a Chief Minister. Mr Ian Wearing should stay on his toes, although I have to observe that Mr Wearing is very dedicated and he spent a considerable part of his weekend in this place. I invite Mr Hird to share with this Assembly a detailed expansion upon his dissenting report because it effectively gainsays the whole report. It is very adamant in its opinions. It is bold and it accuses me of ignorance and bias on more than one occasion. It is very peculiar that none of these particular claims arose during committee deliberations, and I have to say that they were conducted quite free of any acrimony. As I said, I cannot overstress the anticipation of the delivery of Mr Hird's dissension.

Turning to the report: In relation to term of reference No. 1, the adequacy of the Towers Perrin reports, the committee engaged the Australian Government Actuary to conduct an independent review, and we thank them for their efforts in getting information from Towers Perrin. The Australian Government Actuary's report clearly and unequivocally stated that figures used by the Government could be overstated. After discussions with the Under Treasurer, Mr Lilley - a busy chap, who I think quite rightly was concerned about his professional standing, and this is very refreshing to see - I understand that the Australian Government Actuary said that the figures were okay, for accounting purposes. He said - - -

Ms Carnell: No; he said they were right. No; he did not put that in. You put that in.

MR QUINLAN: It is in his letter, is it not?

Ms Carnell: Sorry; you put it in.

MR QUINLAN: He said publicly, effectively, that the use of conservative figures is not a crime. He also implied that it is not necessarily the full picture that this Assembly, that represents the people of Canberra, deserves to receive. The committee is concerned that the whole picture was not given and the figures used by government were not qualified as conservative, only repeated and repeated. It is very important at this moment to bear in mind the comments of Dr Clive Hamilton, who referred to figures being wantonly manipulated by government.

Mrs Carnell and Mr Hird, in his erudite dissension, went on record quoting the Australian Government Actuary's report where apparently he is alleged to have said that figures could be \$80m understated. In delivering that figure, Mrs Carnell and Mr Hird have forgotten to include the Australian Government Actuary's qualification that this was based on the assumption, for the sake of argument and for the sake of further discussion, that other Towers Perrin figures were accurate. He had already qualified them. This was a little stuff-up on top of the previous stuff-up. But let us give the Australian Government Actuary the last word. His last paragraph in his report says:

It is important to note that this report has been largely based on information supplied to AGA, and in particular, on information contained in the Towers Perrin reports and supplied by Towers Perrin to us. As has been mentioned earlier, we have concerns about some of the information supplied. As we have used this information, our report has to be qualified in this regard. Given our concerns, the Committee may wish to consider whether Towers Perrin should be requested to double check the appropriate figures or that an independent check be carried out on the relevant figures.

Is that pretty plain?

I turn to term of reference No. 1(b), the efficacy of the one-off funding option. It is no secret to anybody that that is the sale of ACTEW. We do not know exactly when the project started but the public debate started with the Fay Richwhite report, which talked about risk, risk, and more risk. Since that time, after considerable debate, there is general agreement that the risk, the real risk, is confined to the market exposure in the electrical retail arm of ACTEW. I have, over the last couple of months, had words put in my mouth that say I want to sell that arm of ACTEW. I have never said that. I have said that the Government is responsible for managing that risk. In fact, I can see within that area of ACTEW a business opportunity if we ever get back to the stage of wanting to run ACTEW in a positive fashion. There is a business opportunity there for ACTEW to provide meter reading services, front-end services for other retailers.

Ms Carnell: Sorry; they provide all the front-end services now.

MR QUINLAN: They own the metering, which is part of the retail business. They can provide this service through that building, through one unit in Canberra. They can bring to Canberra the benefits of competition with a number of suppliers, as many as wish to come. They can bring to us, the people of Canberra, the full benefits of competition when we get back to looking positively at ACTEW.

This committee sees risk in the alternative of paper investment. ACTEW being largely real property, the alternative is to increase our paper investment, to increase our exposure to the vagaries of investment markets. Mr Hird has said in his dissenting report, and probably will tell you, that ACTEW regularly conducts risk profile reviews. It is in his report. It is a little bit mystifying. He actually asked us to remove a section in the report that referred to this sort of risk and then told us that the Government runs reviews of risks. Now, why do you run a review of risk if you have not got a risk?

Ms Carnell: We think there is a risk. That is why we want to sell it.

MR QUINLAN: Just for your benefit, we have included in the report quotations from the Government's financial management report of November last which tell us that we lost money on our superannuation investments in August, in September and in November. If we had had more of our assets out there in investment form we would have lost more money. We would have lost more money, risk profile reviews notwithstanding. We also see, over the longer term, risks in allowing a succession of governments to sit on a very large pile of cash. Can we expect all of those governments, in succession, to resist the temptation and retain those assets as funding against superannuation provisions? We have seen this Government already selling assets and already using capital for operating expenditure, as recently as last year.

Clearly, there are alternatives to the flogging off of ACTEW. Before this Government came clean on its plans for ACTEW it was putting together a budget. Budgets were not predicated upon the assumption of a sale of ACTEW. In this clever and caring budget, as set out in Budget Paper No. 1, the Government makes this promise:

Over the next four years we will put aside a total of \$200m towards meeting the cost of our accruing liabilities. This represents the single greatest commitment by any government since we first assumed the liability in 1989.

Is this clever and caring, or just too clever and a bit careless? Beyond those funds, which apparently the Government saw as available before it wanted to make a case to sell ACTEW, there is the corporation itself. Its consultants, ABN AMRO, said ACTEW could comfortably borrow \$300m and repatriate that money to the Government as a contribution and still not affect the Territory's credit rating. The Government's consultants also included ACTEW's projections for earnings before interest and tax, for example, of \$74.5m by the year 2002.

Then there is the vexed question of taxation equivalents which we are told ACTEW is able to avoid now and will forever. Well, I have some good news. The good news is that if they take some of the capital from ACTEW and replace it with borrowing they will make less profit. They will provide less in dividends, but they will also be liable for

less tax. So they can avoid some tax. And guess what? It comes to the Government because it earns interest on that money tax free. Now, if you have a problem with that, ask Mr Lilley. I tipped him that wink about a week or so ago and I am sure he has worked through it for you.

Ms Carnell: It did not take much working through.

MR QUINLAN: Right. We now know that if we take \$400m out of ACTEW we get an extra \$9m in government coffers. Not bad, eh?

Ms Carnell: Not if you are taking 100 per cent dividend.

MR QUINLAN: Right. I think the committee has done an outstanding job given the time that it has had to put together alternative models. Up to a few working days ago we were still receiving consultants' figures that did not add up. The beginning balance, earnings, payments and closing balance were incorrect as recently as Wednesday. We were still ironing out numbers. The AGA appeared before the committee and also communicated that they had had problems, quite reasonably, I think, because the timeframe for this committee was almost impossible. There is no-one to blame for this, other than the fact that the committee was jammed for time and the inquiry was to run over the Christmas and New Year break.

Clearly, there is an alternative. That alternative includes the retention of ACTEW in public hands, the employment of its capital worth without blowing it, a positive approach to the management of it, and the minimisation of risk associated with paper investment. (*Extension of time granted*)

There is included in the report considerable discussion on downstream consequential losses from the disposal of ACTEW, but I guess the primary ones distil to the fear of job losses and the loss of economic activity that is associated with having our ACTEW in our city. You only have to look at ACTEW's home page. Mr Alan Morrison, who is here today, informs us that ACTEW does \$40m to \$50m worth of business in Canberra. I think it goes on to say that it employs the sons and daughters of Canberra. I think that is a very important message and I thank Mr Morrison for encapsulating it so well.

Claims that the sale of ACTEW to some outside owner will give rise to growth within the Territory that will benefit the Territory are not very credible. If ACTEW is owned elsewhere and gains markets elsewhere it will be making money elsewhere and keeping it elsewhere, and there will be nothing in that for Canberra.

In closing, let me say that the committee does not wish to be seen as understating the problem of the seriousness of the superannuation liability that we face, but the case for selling ACTEW to solve it after a million dollars worth of consultants' fees is half-baked. The suite of consultants' reports has not provided a complete picture. The message has been that we need to sell it and here are the scare tactics to push us towards it. This committee - the majority of this committee, at least - subscribes to that quaint notion of listening to the will of the people, having sufficient respect for them and telling them the facts, all of the facts, as might have been done before the last election took place less than a year ago.

Before I close, Mr Speaker, may I be permitted to thank a few people. I wish to thank the other committee members, Mr Osborne, Ms Tucker and Mr Hird, all of whom at times, I must say, stayed calmer than I when certain frustrations arose in trying to complete this job. I wish to thank the secretaries, Bill Symington and Beth Irvin. I would like to thank my staff, Adrian Kirchner and Geoff House, who did a lot of work in relation to this report and, let me say, on a dollar-for-dollar basis it is the best value we have had in a year in relation to this particular exercise.

I would like to thank the Australian Government Actuary and staff. I know they sacrificed weekends and holidays and struggled against a paucity of information. I would like to thank Mr Bill Humphries of Towers Perrin who, despite moving office and despite it being his Christmas and New Year break, strived to provide us with information and provide us with answers to some of our questions. I would like to thank the Australia Institute for their report for, although they are only local economists, they somehow managed to decimate the internationals, the World XI from ABN AMRO, in the great debate, who, coincidentally, sounded very local to me when they spoke. I particularly want to thank all those other people who made submissions to this inquiry over little time, and those who appeared before us and helped us so much to understand the wider picture which we now do understand, and this report reflects it. I very much look forward to Mr Hird's decimation of our report.

MS TUCKER (10.55): This is a very important report. Even though the committee was forced to do the work in an unacceptably short time, there were a number of significant submissions which were very useful to the committee's work. The majority of members of the committee are now of the view that there are a number of ways of dealing with the superannuation liability and that the Government's proposal to sell ACTEW is not the best or only option. There has been an obvious reluctance shown by the Government to support serious analysis and there also appears to have been some manipulation of figures to suit the Government's privatisation agenda.

Evidence from the Australian Government Actuary regarding assumptions of rate of return of investments showed clearly just how inexact any estimation or prediction has to be. This is the nature of economic predictions and it is a nonsense to pretend otherwise. The huge fuss made by the Government and the selective quoting of correspondence from the AGA by the Government to defend their reports was predictable and consistent with their tactics. As I understood the AGA's evidence, it was making the point that indeed there are assumptions being made in any estimations of liability and indeed there could be a difference of hundreds of millions of dollars. If we are to be given an objective picture it is essential that variables and assumptions be clearly articulated. Unfortunately, the Government neglected to do this, and, while they are, of course, entitled to make use of the most conservative or pessimistic estimations of rate of return in their modelling if they wish, they do need to be very clear that that is what they are doing.

Economic modelling has to be dependent on assumptions. It is most inexact in its nature. An example of this can also be seen in the chart on page 24 of the report showing the various figures the committee was given for discount rates for superannuation and ACTEW. The Government itself and its consultants were not even consistent on

this matter. What the Government needs to understand is that the community and members of this place are already suspicious of government arguments and credibility. The fact that we were told privatisation of ACTEW was not on the agenda before the election was a bad start.

It is ironic indeed that the Government, in its press release and its dissenting comments - Mr Hird's dissenting comments, I should say - accuses the committee of no serious analysis of its proposal. It is very worrying that this Government is apparently unable to see how appalling its approach has been. If this Government was committed to allowing serious analysis it would have supported my original proposal to set up a select committee to look at the costs and benefits of selling ACTEW. It would not have shortened the time the select committee on the superannuation liability had to report. It would have included the community much more in the process of the development of a regulatory regime. It would have ensured that development of the regulatory regime occurred before the vote was called.

Only after the Government realised that it did not have the numbers did we see it offer to look at issues such as regional impact and retention value. Suddenly they were prepared to do what most of us thought was fundamental preliminary research. There is still no serious analysis from the Government of environmental implications, of rights of access to information, of community service obligations and regulations.

The basic question that was addressed by the committee was whether or not there were alternatives to the Government's proposal to sell ACTEW to fund the superannuation liability and how the call on future budgets could be smoothed out. The committee has suggested a number of options which would do this. Obviously there are going to be difficulties no matter what strategy is adopted. One can see why the Government found the sale of ACTEW an attractive option. It certainly has some short-term appeal, but long-term dangers in the view of the committee.

Mr Speaker, I will not go into too much detail now regarding the sale of ACTEW as it will be debated next, when we deal with the motion regarding its sale, although I will briefly comment on how interesting it has been to hear the Government passionately speak of intergenerational equity when discussing this matter. How I wish we would see the concept referred to in reference to social and environmental concerns. The whole focus on this particular accruing liability could equally be applied to other areas of policy in the ACT, but it does not happen because these other areas are not easily translated into dollars. They are long-term quality of life issues, but at this point it suits the Government to speak of the price our children will pay because of our inaction today. As it has turned out it appears that most of us are not convinced that this is the case anyway as far as selling ACTEW to pay the super liability goes; that in fact future ACT citizens would not thank us for selling ACTEW.

I must say that in the dissenting comments it was very clear where government priorities lie. For example, in comments on downstream economic impacts, we are told:

Economics is concerned with producing the maximum amount of benefit with the least resources ... ACTEW in private ownership will aim to use the least possible resources, including labour, whilst maintaining output.

That does sound like Mr Wearing, but then Mr Hird moves in the same circles, so maybe that is fine. This economic approach is being widely challenged throughout Australia and internationally as well. This sort of economic policy is not taking into account employment and the broader public interest. The downside of such an approach is becoming more and more evident as the Federal Government pursues its agenda of so-called economic reform, and we are seeing increasing unemployment and social fragmentation that results from it. The dissenting comments also say this:

There is no economic benefit in having two people do a job where one will do.

I do not see anywhere that that claim has been made in the report. Obviously there are other considerations, such as whether the job requires more than one person to do it well; issues of quality; whether in fact standards will be maintained and even improved; whether the conditions of employment meet reasonable industrial standards; whether the profit motive of the private sector will compromise this; and whether the employment will be moved from our local region. These issues matter. We can no longer accept these bland statements, such as the one made by Mr Hird in that dissenting comment.

We are told by the Government that such things can be assured through contracts. This is from the same Government which assured us there would be no job losses when ACTEW was corporatised. This is at the same time that we see an energy bulletin produced by a legal firm rejoicing in the fact that a sale of ACTEW would be a first in Australia because it is a complete water-power package, and I quote:

This means that the sale transactions will not be bound by past practice. Experienced bidders will no doubt welcome the opportunity to step outside the usual framework of a privatisation and to negotiate their way through the proposed regulatory structure so as to tailor it more closely to their needs.

It is not surprising, Mr Speaker, that we are all a little bit sceptical.

Another quite amazing comment in the dissenting report is the claim that the committee has had plenty of time to do this inquiry. This is particularly curious considering that the day before - members can see this recorded in the minutes - Mr Hird was demanding that we not table the report at all because there had not been enough time to do the work. He obviously changed his mind. The timeframe did put tremendous pressure on the committee, and I also would like to acknowledge the work done by Bill Symington and Beth Irvin. I would like to acknowledge the work done by Ted Quinlan and his staff, who put in many, many hours, and I also thank the other members of the committee.

Comments in the dissenting report on the interstate comparisons also need to be briefly addressed. It is incorrect to say that the report did not acknowledge the different tax bases, because we actually did acknowledge that. The fact that the liabilities built up so quickly is not particularly significant in terms of dealing with the unfunded liability. The ACT's situation of only starting contributions in 1989 is unique, but the yearly superannuation payments will stabilise as the CSS and PSS schemes finish. The critical issue is to smooth out the hump rather than trying to find all the money now for payments that have to be made many years in the future.

Mr Speaker, I have been very concerned to see that this Government had not seriously looked at options for funding the super liability other than the sale of ACTEW. Obviously the Government was very confident of getting support for the proposal and did not feel the need to explore other options, and this is of grave concern. This lack of rigour is also obvious in responses from the Office of Financial Management to questions related to other revenue options. At one point an official did mention the "We will have to double the rates" line. When I questioned the official further about whether or not this statement was the result of a review of possible revenue options and whether OFM had done work on the important matter of revenue possibilities, the answer was negative. So, it was a political line, another scare tactic, often used by the Chief Minister, but not supported by any real examination of the issues. There is a recommendation in this report that such work should be done. To me, it is another disturbing lack of objectivity and serious analysis of all possible options and solutions.

In conclusion, Mr Speaker, I would like to say that I found this committee inquiry extremely informative and helpful in understanding the complex issues. I would not pretend to be an expert. However, after having had the opportunity to listen to the number of expert and highly qualified witnesses who took such a different view from the one the Government has been pushing, I am able to say with confidence that there are obviously less dramatic approaches that can be taken to address the unfunded superannuation liability.

I was very concerned to hear the punishing and negative responses from the Chief Minister to the recommendations of this committee and to the announcement of a no sale vote from the Independents of the Assembly. It is obviously critical that Mrs Carnell and her Government work with the will of the Assembly and the ACT community in a professional and committed fashion. These are difficult times - no-one is denying that - and the Government must rise above its disappointment at its first major political defeat and get on with the job.

MR OSBORNE (11.06): I will be brief because I think I reopen the debate on ACTEW. The first point I want to speak about is one that both Mr Quinlan and Ms Tucker referred to, and that is the issue of Mr Hird's dissenting report. I have just read through it again. In paragraph 1.1.2 Mr Hird says:

There were no "obvious difficulties" - as claimed in the report - in assessing broad community views and opinions on the issues. Indeed, the issues relating to the Territory's superannuation commitments have been canvassed widely in the community over several years. The issues have also been thoroughly examined by Towers Perrin, the ACT

Auditor-General and in previous ACT budgets. The timeframe for the Committee was definitely not an impediment to its task, given the amount of prior work done in this matter.

So you can imagine my surprise, Mr Speaker, having sat the day before in that meeting with Mr Hird where he wanted it recorded in the minutes that he did not think there was enough time for the committee to get this report done. Perhaps you should get your story right when you do come down, Mr Hird. Mr Speaker, often with these things we let them go through to the keeper; but, given the fact that the Chief Minister had threatened Mr Rugendyke with a breach of privilege over exactly the same issue, I feel that this is something that we need to discuss and expose Mr Hird for.

Mr Speaker, superannuation obviously is a very complex issue. The one pleasing thing for me is that finally the Assembly and the community are acknowledging the problem that we do have, given that I have been speaking about it for at least three years. Although the realisation of a problem is not a good one, I think this Assembly, the media and the public have acknowledged that there is an issue there and perhaps we could focus more attention on it.

Mr Speaker, this issue of superannuation has been quite a journey for me. I recall standing up here before Christmas being quite pessimistic about what the committee would come up with and saying that I did not believe that Mr Quinlan would be able to come up with any option. To his credit, and with the assistance of organisations such as the Australia Institute and the Australian Government Actuary, quite clearly there are many options that we need to consider. Obviously, with the timeframe, there is certainly room for some more work to be done on the superannuation problem. I do hope that the Government does, as Ms Tucker said, get over the disappointment on this issue and works with the Assembly on what future direction they take in relation to ACTEW and the superannuation liability.

I would like to thank and congratulate Mr Quinlan and his staff for the amount of work that they put in over Christmas. Quite clearly, the timeframe was very tight. I do not know who to blame for that, Mr Speaker, but there was only about six weeks. I am sure that with the resources and with the money that the Government has behind them they will be able to find some holes in the report; but, given the time and the resources, I think we have come up with something which is a way forward.

I would like, as Ms Tucker said, to thank the secretariat staff, Beth Irvin and Bill Symington, for the work they both put in over the Christmas break. I hope, Mr Speaker, that we can move forward on this issue. As I said, I am pleased that the problem has been acknowledged by more people than has been the case in the past.

MR HIRD (11.10): Mr Speaker, this report is a disgrace. It is the inevitable result of the appalling way the committee was conducted. The report is also an embarrassment to the Assembly because it represents an abuse of the committee system. There was a time when the committees of this Assembly attempted to be professional and reasonably objective in assessing issues. They saw their role as adding value to the Assembly's deliberations. They tried hard to reach a consensus wherever possible. They at least tried to come up with constructive ideas, but not this time.

This time the committee system has sunk to a new low. This time the committee has been used to promote a blatant political agenda never seen before. It dropped all pretence of objectivity or a balanced report. Its sole aim was to get the Chief Minister, regardless of the terms of reference. That is why it ignored high-quality evidence presented to it that the most efficient and effective way of dealing with the superannuation problem was to sell ACTEW. That is why it wilfully misrepresented information presented to it, from the Australian Government Actuary, that the ACT Government's estimates of the superannuation liability were on the mark. That is why it deliberately distorted information, again from the Australian Government Actuary, designed to show the impact of changing assumptions about the rate of return. It disingenuously converted an illustration into a projection. Nice try, but false. This is why it deliberately avoided hearing from people, such as our own Auditor-General, whom it suspected may not have reinforced its political bias. Sadly, Mr Speaker, these events have dragged the committee system and this Assembly into disrepute. As if to reinforce the lack of professionalism in dealing with information, the personal behaviour of some members was disgusting.

Mr Speaker, I feel it is necessary to relay the brief history of how the report came to be adopted. Even though the draft report had been selectively leaked, the committee met briefly last Friday, originally at 1.00 pm, but later convened at 1.30 to consider draft No. 2. The next meeting was scheduled for 11.30 am on Saturday. So, in the meantime, I prepared several amendments to the draft to correct the more glaring errors and to ensure a more accurate presentation of the information presented to the committee. On information provided by the committee, I said I would have my amendments ready by the following Monday morning. I was invited by the chair of the committee to bring forward my proposed amendments on the Saturday morning so that they might be considered and maybe incorporated, if agreed to, in the report. As it turned out, the meeting on Saturday morning was on, but when I arrived at 11.30 I was presented with draft No. 4. The chairman expected me to be familiar with it even though I had just seen it for the first time. When I said that I still wanted my amendments to draft No. 2 to be considered, I was subjected to an incredible stream of abuse. The committee descended into behaviour that can only be described as uncivilised and degrading, yet the chairman showed no leadership.

Following an adjournment, I presented the disk of my amendments so that the secretary could match my comments and amendments with the appropriate paragraphs in draft No. 4. I thank the secretary for his assistance. When we reconvened, the committee refused to consider my amendments paragraph by paragraph and threatened, under standing orders, not to allow me to follow standing order 248. The chairman then said he would go ahead and have the report printed anyway without considering my comments and amendments, but would simply insert them as a dissenting report at the back. The chairman obviously contravened standing orders but the committee supported his approach, Mr Speaker. My rights as a member were not protected by the chairman or other members of the committee. Reluctantly, and under unreasonable pressure, I allowed my amendments to be incorporated, provided I was given the opportunity to reconfigure them as a dissenting report. The behaviour of the committee was most intimidating and I do not believe that I should have been threatened in such menacing terms for seeking to insist on a fair hearing and, in the Australian vernacular, Mr Speaker, a fair go.

Members interjected.

MR SPEAKER: Order! Other members were heard in silence. I expect the same courtesy to be extended to Mr Hird.

Mr Kaine: That is not true, Mr Speaker. The Chief Minister constantly interjected.

MR SPEAKER: Nothing like this.

MR HIRD: Being forced to come back with a report in two hours on the Saturday afternoon after I had received the fourth draft, instead of being given until the scheduled meeting, which I understood had been set down for last Monday, was most unreasonable and no more than the chairman's bullying tactics to suppress my contribution to the committee. He tried to throw out anything which did not support his devious political agenda. Mr Speaker, I was absolutely disgusted by the behaviour of the committee. I believe every member of this Assembly should be gravely concerned at the disgraceful way the committee sought to distort information and intimidate me by not agreeing to give me an opportunity to put forward my amendments.

There is a related matter which also needs to be sorted out and that is the question of when authorisation was given to publish the report, Mr Speaker. I would like to ask the Deputy Speaker: When did you authorise publication of the report of the Select Committee on the Territory's Superannuation Commitments? I would be grateful if you, Mr Speaker, could ascertain that from him and inform the Assembly.

Mr Speaker, I believe that because of the depths to which this committee has sunk, and because of the damage that could be done to the concept of select committees in this Assembly, you should investigate how things got so far out of hand. The committee denied me my rights under standing orders. The chair used intimidation to force agreement. Therefore, Mr Speaker, I believe that you should not accept this report and that you should immediately begin an investigation into the conduct of this select committee.

There is no doubt that the decision to sell ACTEW requires courage because it is not politically popular in the short term; but, as we have all been elected to provide leadership, I believe we have been given an inescapable moral responsibility to do what is best for the community in the long term. Unfortunately, society is littered with the results of decisions by politicians which were taken to get them past the next election but which have left a legacy of lost opportunities and reduced living standards.

Just take a look at Victoria in the 1980s. For purely ideological reasons, the then Labor Government of Victoria spent up and plunged the State into debt. They put off making the tough decisions and just pushed their debt into the future. When the bubble burst, which it always does eventually, Labor's legacy was to abandon many people of Victoria to poverty and misery. That is what this gutless decision to walk away from the sale of ACTEW will do to the people of this great Territory. That is not what I want for those for whom I am responsible.

The basic reason for selling ACTEW is to provide the best opportunities for business growth and jobs. When we have the opportunity, from the sale of ACTEW, to virtually wipe out our future liabilities and therefore free up funds for worthwhile projects, we should not, as a matter of conscience, refuse that opportunity. (*Extension of time granted*) I believe that future generations will judge us harshly if history shows that we have done the wrong thing by them.

What I find particularly regrettable is that our colleague Mr Paul Osborne, who was on our committee, knows the problems but lacks the courage to act. Indeed, in the 1997-98 budget debate, Mr Osborne expressed concern about the Territory's massive unfunded superannuation liability and the problems this creates for all of us. He went on to say that at some stage in the future someone in government is going to have to do something courageous, something to fix up the financial mess we are currently in. On his committee he had the chance to do something, but he has fallen at the first hurdle. He has failed the first test.

Because of the way the committee's processes were conducted and because I believe standing orders were broken, this is an invalid report. For the reasons outlined, the report of the select committee is most inaccurate and in places, either through neglect or willingness, seriously wrong and misleading. It should not be received by this parliament. It is not a report on which a decision should be made by this parliament. The matters of conduct I have raised concern questions of privilege. I therefore now formally ask you, Mr Speaker, to investigate the conduct of that select committee and report to the parliament.

In closing, Mr Speaker, I thank all members and all those who made contributions in such a short time to the committee. I thank my staff for their contribution in a difficult time over the Christmas and New Year break. I also thank the staff of the secretariat. I am saddened to have to rise in this place, after my years in public office and the many committees that I have been a party to, and say that I find this report and this committee wanting.

MR QUINLAN: Mr Speaker, I seek leave to make a personal explanation.

MR SPEAKER: Order! One moment, please. Mr Hird has raised a matter with me in relation to privilege. My only comment is that standing order 71 requires any reference to the Speaker relating to privilege to be put in writing, Mr Hird.

Mr Hird: Thank you for the invitation.

MR SPEAKER: Mr Quinlan, do you want to make a personal explanation?

MR QUINLAN: I certainly do, Mr Speaker.

MR SPEAKER: Leave is granted. Proceed.

Mr Humphries: That is done at the end of the debate, by convention, in this place.

MR QUINLAN: This debate may not end today.

MR SPEAKER: We have not concluded the debate. As far as I am aware, others may wish to speak. I can grant leave. I will allow you to make a personal explanation at this point.

MR QUINLAN: Thank you, Mr Speaker. I have to say that Mr Hird is a quiet achiever. None of this - - -

Mr Humphries: Mr Speaker, I rise to take - - -

MR SPEAKER: Mr Quinlan, this is a personal explanation. I think that is what Mr Humphries is about to say.

MR QUINLAN: I think Mr Hird referred in his speech to a selective leaking of the report. Is that right?

Ms Tucker: Yes, he did.

Mr Hird: Yes, I did.

MR QUINLAN: To my knowledge, there was no leaking of the report from any of the offices of the people involved in the committee.

Mr Humphries: How do you know?

MR QUINLAN: To my knowledge.

Mr Humphries: To your knowledge.

MR QUINLAN: Too long in the bush, Gary?

MR SPEAKER: Order! Go on.

MR QUINLAN: I am very concerned. If there was a leaking of the report, I would really like to know about it, because I will be writing to you in relation to privilege. I have been severely tempted to do so already.

MR OSBORNE: I seek leave to make a personal explanation as well, Mr Speaker.

MR SPEAKER: Very well.

MR OSBORNE: In relation to what Mr Hird said, I heard him refer to me as not being brave and not being courageous. I would like to share with you my definition of brave and courageous, Mr Speaker. Being brave and courageous is when someone goes to the electorate before an election and says, "If you vote for me I am going to sell ACTEW". That is brave; that is courageous.

MR SPEAKER: Just a moment. That is hardly a personal explanation.

MS CARNELL (Chief Minister and Treasurer)(11.25): This committee's report has all the hallmarks of a fairytale. Reality very rarely - I would have to say never - intrudes, and we can all live happily ever after in this wonderful new land, the land of optimism. By the way, while we are all there in never-never land with this optimistic new approach to budgeting, the Government will come up with a new strategy to fix the problem. The committee, and maybe the rest of the Assembly, are having such a jolly good time coming up with optimistic approaches to the budget that we really do not have to worry anymore at all. Of course, ACTEW, our wonderful organisation, will continue to be profitable. Competition will not in any way upset it. The pricing commissioner will not in any way impact on ACTEW, and everybody can be happy.

Mr Speaker, this is a profoundly disappointing report. In two months the committee have not been able to overcome any of their preconceived prejudices. It is surprising. Given Mr Quinlan's qualifications, I would have thought he would have come up with a report that was worth the paper it was written on. This one is not. More disappointing still was the shabby treatment handed out to one member of the committee who tried to correct the glaring errors that exist in this report. For his trouble, Mr Hird was subjected to a tirade of abuse in language that he said was uncivilised and uncalled for. I am confident that members of this Assembly would not believe that that was acceptable under any circumstances. To his credit, Mr Hird stuck to his principles and lodged his dissent, highlighting some of the remarkable errors in the analysis contained in the majority committee report. Mr Speaker, I commend Mr Hird's dissenting report to members.

In reflecting on the superannuation committee's fairytale while I was sitting at my desk last night, I thought to myself, "What can I say about the report that is constructive?". I had something of a revelation about myself and the future of the ACT. I thank members of the committee for that revelation. I have been accused of many things, but being a pessimist has never been one of them, until this committee report. I have to thank Mr Quinlan for pointing out this very important fact. I think optimism is important. For pointing out that I am essentially a pessimist, and that I should turn myself into an optimist, I thank Mr Quinlan very much.

I see now that my pessimism has let me worry about all sorts of unnecessary things. Take the massive costs facing the next generation of Canberrans from our superannuation commitments. If I had just been more optimistic, I would not have even worried about them. It is also clear that my pessimism has led me to conclude that taxpayers will be exposed to significant risks through continuing ownership of ACTEW. If only I had read the report earlier and known that, if only I had been optimistic, I would not have had to worry. But, Mr Speaker, I woke up this morning and the sun was shining, and a new optimistic me is here in front of you today. Optimism rules. The "big O" will fix all of our problems. According to those in this committee, it will fix all of our problems. Being an optimistic person, I am trying very hard to grasp this view.

To be fair, I think that I should not just thank members of the committee. I should also thank the Australia Institute. Like John the Baptist, they were there crying in the wilderness, heralding this new life-changing approach to economics and budgeting. Mr Speaker, it was from the Australia Institute that I first should have realised where my problems lay. All you have to do is assume away the greatest part of the Territory's

superannuation commitment. Then there is nothing to worry about. That is what the Australia Institute did up front. The gospel of optimism has now been delivered by Mr Quinlan, who has really built on that message brilliantly. Why stop with just assuming away \$1 billion worth of future growth in superannuation liability? Why not also assume away \$250m of current liability? That is what this committee report suggests. We will assume away \$1 billion worth of accruing liability - that is great - and now we will assume away \$250m of current liability. As long as we are optimistic, we can do this, and why worry about anything? The Australia Institute went part of the way; Mr Quinlan developed that message, and now I am honoured to be one of his new advocates of this wonderful new theory of optimism!

Mr Speaker, clearly this report does produce a solution. It is the solution we were all seeking. It is the holy grail of budgeting that I, now being drunk from drinking from the chalice of optimism, can declare that I am an advocate of. We now have no superannuation problem at all. We can simply assume it away. We can simply take optimistic projections, that the Actuary says were only projections, shove them into the budget and not have a problem.

Mr Speaker, I can hear you saying, "Is this possible?". Obviously it is possible, because if you take the approach that Mr Quinlan's committee did we can assume away anything. We can take optimistic approaches to anything that we want to do in our budget. Big growth rates - no problem. It is just so wonderfully liberating to discard the pessimism of the past and simply assume that we have no superannuation liability.

Mr Berry: Why don't you go to the substance?

MS CARNELL: Mr Berry said, "Why not get to the substance?". This is the first recommendation. It says that we can assume away \$250m worth of liability; that the Government was too pessimistic; that we should have been more optimistic. This is not something I am making up but what this report actually says.

I think we can go even further than this. I wonder why we need a budget or, for that matter, an Office of Financial Management. Optimism makes prudent financial management and economic analysis totally irrelevant. As the Australian Government Actuary pointed out, prudent financial planning means being conservative. Wrong, committee, wrong! We used to believe we could not take these wonderful new optimistic approaches. Conservative approaches, as the Australian Government Actuary has told us, mean being pessimistic.

Now we will have none of this pessimistic approach to anything. We can save millions of dollars. How about we abolish the Office of Financial Management? Why bother having that? We could call it the Office of Optimism, the OOO. The fact that it resembles the emergency number is not something I think any of us should worry too much about, because we are being optimistic.

The applications of this new ethos go much further. Obviously, they go right to the core of this issue, and that is the future of ACTEW. Clearly, if we adopt an optimistic approach to the future of ACTEW, it solves all of our problems for the corporation, because from then on ACTEW can do anything. ACTEW will not lose any customers in

a competitive electricity market. ACTEW can make money in the future, as Mr Quinlan says, reading meters. The fact that they contract that out now has nothing to do with it. There will be all of these new meters to read. We will not worry too much about the fact that there are no new houses. ACTEW will be able to live on the basis of front-end services. (*Extension of time granted*) ACTEW will be able to operate and grow on the basis of the services they currently provide. Mr Speaker, how do you grow on the basis of the services you currently provide? But let us be fair. It is magic. In never-never land anything is possible as long as you are optimistic.

If we go down the path of this optimistic approach, ACTEW will be able to get out there in the market and invest millions of dollars of taxpayers' money and acquire new distribution and generation companies. They will be able to grow. With this optimistic approach, there will never ever be any risk, because she'll be right, mate. Members may think this is a glib approach to this report but no, it is not. This committee has recommended that we could take up to \$500m out of ACTEW and not affect the company at all. This is an amazing approach. It is wonderful. It is so optimistic. Not only can we take up to \$500m out of ACTEW, but as well we can take the dividend, because even though we have taken \$500m we have not affected the dividend at all. We can take the dividend out and fund our unfunded superannuation problem. Although we have taken the dividend out of the budget, we can be really optimistic and assume that it will not affect our budget at all. The \$45m that comes out and plugs into superannuation in this optimistic world will not affect the budget. I love this optimistic approach to budgeting. It will not be a problem to bring down a budget from now on, because all we have to do is be optimistic. All we have to do is take the optimistic approach. Let us not worry about the fact that the Auditor-General and the Actuary will not agree with us. We are optimistic.

I thank Mr Quinlan for making it clear to me that we should no longer be cautious or prudent in our approach to budgeting. I know that from this moment on he will never ever suggest that the Government has taken too optimistic an approach to budget projections, as he did last time. From here on we are at the optimistic end of the spectrum. None of us, from this moment on, will ever flinch again at the risk of issues such as ACTEW retailing, because we will be optimistic. That is what this committee report says. Of course, if this all proves to be a fairytale, then someone else will have to pay the price of our stupidity.

MR KAINE (11.39): I must say that I enjoyed the Chief Minister's speech. It was quite condescending but, as a little bit of drama, it was quite enjoyable. However, it added nothing to the debate that we are supposed to be engaged in. Of course, the cheerleader team over there said, "Hear, hear!" every time she said something. In fact, she said very little. The Chief Minister said, "Somebody has come along and disagreed with me. If somebody disagrees with me, I am going to spit the dummy". I can only say that her public comments in the last 24 hours about the tough budget and the loss of jobs we are going to incur if the Assembly has the effrontery to oppose her later this morning on the sale of ACTEW are an indication of just where she really sits on this position.

The Chief Minister seems to have forgotten that for four years she has been the Chief Minister and Treasurer. Every year that she has brought down a budget in each of those years she has said how tough the decision-making has been, how tough it has

all been. Now we have another tough year, but because we have not gone along with her, even before she puts the budget on the table, we are now being threatened. That is what that little speech was about. Mr Quinlan had the effrontery to differ with the Chief Minister, and therefore he will be attacked. Not only will the Chief Minister attack him but the boy sitting up the back, Mr Hird, will do so also. If she does not like what Mr Osborne says, she will attack him as well. Mr Speaker, that is not the sort of debate that I am interested in engaging in.

If the Chief Minister does not like this Assembly committee's report, she has only herself to blame. We could have been having a debate about the future of ACTEW and the problems of superannuation for nearly two years if the Chief Minister had come clean and put it on the table when she first had it on the table. She chose not to do that. She chose to shove it under the table and wait till she thought it was opportune to tie the two things together and say, "Boy, have I got a solution for you. We have this problem which I never told you about before, but it just so happens that I have this neat little solution to it as well". The solution is to sell ACTEW.

Last year we sold off a couple of buildings. The year before that we flogged off the vehicle fleet. If we succeed in getting rid of ACTEW this year to fill the black hole, the ever-increasing black hole in the Chief Minister and Treasurer's budget - I repeat that she has been there for four years now - I suppose next year ACTION and ACTTAB might bring a couple of bucks to tide us over for yet another year. I want to commend the committee for putting an alternative view and bringing different information to this Assembly, because the Chief Minister never would have. I remind the Chief Minister that over two months ago she sent the head of her Chief Minister's Department to ask me, "What information did you need about superannuation?" and I told him in great detail. What happened? I have never heard from him or the Chief Minister since. That is the Chief Minister's idea of conducting a public debate and making sure that everybody is informed.

This report at least raises questions about the veracity of the information that the Chief Minister has been putting on the table. If there is anybody on the government benches who is going to say that putting an alternative view in this place is inappropriate, let them stand up and say it. They are implying that nobody anywhere else but on the government benches dares put up a counter-proposal, dares disagree with what the Chief Minister and Treasurer wants to do, even though the problem is of this Chief Minister's making. If she does not think so, let her tell us. Knowing that there has been a major superannuation problem coming up on the horizon for the four years that she has been Chief Minister and Treasurer, what has she done to address it? The answer is nothing.

The first time that any effort to address that question appeared in any public documentation was when we saw the \$200m provision over the next five years in the current year's budget. Why did you not do something for each of the last three years, Chief Minister? I will tell you why. You thought you could go on year after year flogging off public assets and covering up your deficiencies as a Treasurer. Now you have been caught out. Because of your failure to provide information to the members of this place and to the public, because of your propensity for sticking things under the

carpet and hoping nobody will notice, it has now become a major public issue. You cannot hide it any longer. Information, since the Government will not provide it, has to come from somewhere.

It is not only Mr Quinlan who has the temerity to come up with a different view. It is also the Australia Institute. This bunch of local economists could not mix it with the big boys. Does the Chief Minister really mean what she said? Of course she did not mean it, but when you do not like the opinion being expressed you attack the messenger, just as Mr Hird a little while ago attacked Mr Osborne for having a different view to him in the committee. Mr Speaker, this debate, as the day wears on, is going to become more and more vitriolic. I think we have seen a taste of the future over the next eight hours or so. Frankly, I think it is going to create more heat than light. I think I know what the outcome is going to be; but, whether this debate will add anything to the conclusion when we finally vote at the end of the day, I am not sure.

I have to say, Mr Speaker, that it is time that somebody presented some alternative views to this place. The Chief Minister and her Government were never going to do that, because they had an agenda. They were not going to provide any information that might have given us an opposite view or a different view. Somebody else has taken the trouble. I commend the committee. Mr Hird talked about people being gutless. I think the opposite is the case. The members of this committee have taken the issue head-on. The gutless approach is to try to shove it under the carpet and pretend it does not exist and to say, "Maybe we can sneak it through without the public knowing". Of course, they will know in the future, when the asset has disappeared and when we still have to confront a major superannuation problem anyway under the Government's approach.

Mr Smyth: They will know in the future as the asset dissolves because we do nothing.

MR KAINE: Now we have the bachelor of economics giving us a little dissertation here, like his mate sitting up the back there. I am sure that when Mr Hird wrote this dissenting report he wheeled out his masters degree in economics and his fellowship of the Australian Society of Certified Public Accountants to back up his view. He accuses the committee of failing to understand the basic relationship of G minus T in the equation of the economy. Can Mr Hird explain it?

Ms Carnell: I can.

MR KAINE: I notice that the Chief Minister volunteers. That is because she, or one of her minions, wrote this report and not Mr Hird. She can get up and explain it, but Mr Hird cannot.

Mr Speaker, I await with great interest the developing debate today. As I said, I think it will produce more heat than light. I commend the committee for bringing to this place a different set of figures, a different view from the one that has been peddled by the Chief Minister and the Government. I think that the figures they have put forward have always been suss. The Chief Minister herself tied the sale of ACTEW to the superannuation question at the beginning. I notice she has been back-peddalling on that a bit lately, but it was the Chief Minister herself who tied the two issues. My view is that

they were in no way related. Superannuation is one thing - it is a budgetary matter - the sale of ACTEW is another. They were never directly related, although the Chief Minister - - -

Mr Moore: They are both budgetary matters. That is how they are connected.

MR KAINE: Now the master of economics, Mr Moore, is having his say too. He can get up and contribute to the debate, if he is capable of doing so. I support the report. I simply suggest that the Assembly adopt it and place some onus on the Government to have another look at their figures.

MR HIRD: Under standing order 46, I wish to make a personal explanation.

MR SPEAKER: Yes, Mr Hird, proceed.

MR HIRD: Mr Kaine knows, and the chairman also knows - and I commend the chairman for it - that the committee used experts. Mr Kaine just maligned me by saying that I was a master of economics. He is a professor of mirrors, if anything. I think it does little for Mr Kaine's credibility. We do have experts to give us information.

MR MOORE (Minister for Health and Community Care) (11.49): Mr Speaker, I begin my comments today by saying that I have always been reluctant to look at the sale of ACTEW; but, on the evidence presented to me, I think in the end it is the right decision to make. Mr Kaine said that in some ways we would be shocked at an alternative view. I have to say to you, Mr Kaine - and I think you know it to be true - that I welcome alternative views and have always welcomed alternative views. But I will say that if we are looking to the alternative view put by the committee under recommendation 9, for example, where it attempts to minimise the net impact on the budget on the one hand and utilise the income stream from ACTEW to contribute to the unfunded liability, we have a problem, Mr Kaine, because we are already using that \$40m in the budget. The immediate effect of that is to cut \$40m from our budget. That is the immediate effect of that and that is something that we would have to look at.

Mr Kaine: When are you going to fix your health budget, Minister?

MR MOORE: I take the interjection. I am working on it, Mr Kaine, and I will continue to work on it very hard; but I have to say to you that the strains will be much greater because my options will be reduced if the decision is made by the Assembly today to do what we decided to do and what changed everything; that is, to address the superannuation liability.

This Assembly said - Mr Osborne said, I said and others said - prior to the last election that we should address the superannuation liability. I also said that we should address the operating loss. When we said that, we changed the debate, and that is what is different between the last set of budgets and these budgets. We are interested in doing that. That is why it is that, when you seek to do that, your options are limited. The committee has put up some options. As I read them, they simply will not work. Mrs Carnell has explained why they will not work and has put them in the "She'll be right; don't worry about it" category for taking us into the future.

While Mrs Carnell was talking about sipping from the chalice of optimism, the image came to mind of an Indiana Jones movie where chalices were set out and it was the rich chalice that the evil characters sipped from, followed by the comment: “You have not chosen wisely”. Although the action was immediate there, I have to say to members as they look at the chalices and the choices here that I hope that in the end, although I doubt it, they will choose wisely.

Another matter that concerns me greatly today, having listened to Mr Hird’s speech and having spoken to Mr Hird about this matter prior to this morning, is the committee system. No member stands easily in this Assembly and says, “I have been disenfranchised”. Nobody does that lightly. You know this to be true, Mr Kaine, in particular; you know this to be true, Mr Rugendyke; and you know this to be true, Ms Tucker. No member stands easily in this Assembly and says, “I have been disenfranchised. I did not get a fair go”. The debate started this morning with Mr Quinlan raising the issue about whether Mr Wearing - and he named him - had assisted Mr Hird.

Mr Quinlan: I did nothing of the kind.

MR MOORE: You did, actually.

Mr Quinlan: I did not.

MR MOORE: You did. You can check the *Hansard* to find out. Why should that be a problem? It would be a problem if Mr Wearing then went on to discuss the issue with Ministers or members of the Government, but Mr Hird is sometimes loaned staff by the Chief Minister. This happens regularly. Mr Quinlan went on to say to Mr Hird, “Was this written in your own hand?”.

Mr Quinlan: Be careful.

MR MOORE: You will be able to check the *Hansard*. Mr Quinlan went on to thank his own members of staff for their help, quite rightly so. I agree that it is not a problem for Mr Hird to have some assistance along those lines, just as it is not a problem for Mr Quinlan to have assistance from personal members of staff who assisted him in this area. Indeed, for the many committee reports that I have done, I have had similar assistance from my staff as a normal part of their duties. The question then is: Why bring that up? Why start the process with an accusation? It was probably because Mr Quinlan knew that there would be some concerns from Mr Hird about what happened.

Mr Hird read from a prepared speech. He may have left out a sentence when he was delivering the speech, but I think that it is important that it be put in. I was listening and watching very carefully. The speech reads:

When we reconvened the Committee refused to consider my amendments paragraph by paragraph as required under Standing Order 248.

The next sentence is the important one. It reads:

The Chairman threatened to suspend Standing Orders to stop me being heard.

Mr Speaker, standing order 248 is very specific about protecting the rights of members in the committee process. It is a very important standing order. It says, amongst other things:

Copies shall be circulated in advance to each member of the committee.

Mr Hird has already said that he received his copy of the last draft as he walked into the committee room. Standing orders were breached. Secondly, standing order 248 goes on to say:

The report shall be considered paragraph by paragraph, or, by leave, paragraphs may be considered together.

Paragraphs may be considered together, by leave. For people who do not understand how Assembly standing orders work - and they apply to committees - "by leave" means that any person has the right to say no. The reason we have that standing order in place is to protect the right of each and every member of this Assembly to have their say.

As Mr Kaine points out, there are alternative views. It is about alternative views. It is about Mr Hird having the right to present an alternative view, about having the right to go through this report paragraph by paragraph, to discuss it, to try to persuade other members of the committee - to try to persuade the chairman, Mr Quinlan, to try to persuade Mr Osborne, and to try to persuade Ms Tucker - that Mr Hird's different perspective is entirely appropriate. That is why that standing order exists. It is an absolutely critical standing order. I know that Mr Hird is going to write to the Speaker on a matter of privilege, but it would appear that standing orders have been breached in the preparation of this committee report, that a member's rights have not been protected. Mr Rugendyke, you have to ask yourself: Is this a report upon which you can make a decision, because it has not been given fair scrutiny by all members of the committee? I think that is a challenge for you.

Mr Hargreaves: I take a point of order, Mr Speaker. I would like your advice on whether the microphone system is not working or whether Mr Moore is just shouting at everybody for the hell of it, because I cannot see him pointing at anybody. I would like to hear what he has to say, but I cannot because of the racket that he is making himself.

MR SPEAKER: There is no point of order.

MR MOORE: Mr Hargreaves, I take the point; I shall try to moderate my voice. I did stand back from the microphone. It is just that it is such an incredibly important issue. In fact, as far as I am concerned, it is more important than the issue of ACTEW, because it is about how a parliament works, it is about a fundamental issue of democracy. Mr Quinlan stood up in this place earlier today and said that the nice part was that the committee was

free from acrimony. He used the words “free from acrimony”. But Mr Quinlan went on to say that there were certain frustrations, and he described those frustrations, about this matter. Mr Hird then gave the story as to what went on.

I have to say that Mr Quinlan was the chair of this committee. His role in the committee was similar to the role that the Speaker plays in the Assembly. There are some notable differences, but one of the important responsibilities that Mr Quinlan had was to protect each and every member of his committee. Mr Speaker, I have played a part in the presentation of in the order of 100 reports in the Assembly since self-government and, in spite of the make-up of that First Assembly and some of the incredible problems in that First Assembly, I have never heard a story like this one.

Mr Wood: Come on!

MR MOORE: I have never heard a story like this one from those committees. Mr Wood might remember that in the First Assembly, Labor refused to attend many of the committee meetings for quite an extended period; in fact, for the whole period of the Alliance Government, as my recollection serves me. But what were the other members doing when somebody threatened to suspend standing orders to override this right?

Mr Humphries: Which they cannot do.

MR MOORE: You cannot do it anyway. (*Extension of time granted*) Mr Hird said that he was being intimidated. Ms Tucker, you and I have discussed these sorts of issues on many occasions. You were sitting there considering that committee report. You even commented in your speech a few minutes ago that the committee was forced to produce this report in an unacceptably short time. What about Mr Hird? He sought an extra day so that he could do his dissenting report and give it back to the committee on Monday, within the timeframe of the committee. That would have been a reasonable thing to do. Of course, under pressure, Mr Hird, trying to make sure that he was able to work with the committee, did it in an unacceptably short time. It seems to me, Mr Speaker, that in a committee situation like this each and every member of that committee has a important role to ensure that they do not undermine the democratic processes, that they do not undermine an individual member’s right to be heard and that they do not undermine the Assembly committee system.

I started to comment, Mr Speaker, on the suspension of standing orders within the committee. That is impossible. The suspension of standing orders can only be done by an absolute majority of members of the Assembly. In other words, nine members of the Assembly would be required to suspend standing orders. It cannot be done within the committee. But somebody who is being intimidated, somebody who is under pressure, may not be aware of that when this sort of threat comes up. Mr Hird had an absolute right under standing order 248 and each and every member of that committee had a responsibility to ensure that that right was protected. It is frustrating when 16 members of the Assembly want to do something and one member says, “No, I am not giving leave”. We see it happen fairly regularly in this Assembly, and it is frustrating. But an appropriate process needs to be in place.

Mr Speaker, there is a question in my mind as to whether we have a valid report when we have tabled in this Assembly a report that breaches standing orders. That is a question that I think needs to be answered. It is an invalid report. Mrs Carnell has dealt with the substance of the report and what it has done, but it is quite clear that there is a member of this Assembly who has said that he has not been protected by standing orders, he has not been protected by the chairman of the committee, he has not had a fair chance to have a say in having this report modified and in the end was forced to turn his proposed amendments into a dissenting report within a very short period. When you read the dissenting report, you can see that that is what has been done. It is basically the amendments to be put up, but they have not had the chance of being argued, talked through and then framed into what we would expect to be the normal form for a dissenting report, other than a top and tail paragraph. This is an appalling process. Mr Quinlan, it is one that you, in particular, ought to be ashamed of.

Mr Hird raised another issue, which I think is of great concern, considering the report. The resolution of appointment indicates that on 10 December 1998 the Assembly authorised the Speaker to give directions for the printing, circulation and publication of committee reports if the Assembly is not sitting when the committee has completed its report. Mr Wood was the Acting Speaker at the time. The question which has been raised by Mr Hird and which needs to be answered is: When was this committee report signed off? When did the Speaker authorise the publication of this committee report? Was it before or after the time Mr Hird did his dissenting report? That is a question that deserves to be answered because this report has been brought into question in a whole range of ways. It is not something that a member does lightly. In fact, it has not happened before. It has never happened that a member has stood up in this place and said, "I have been disenfranchised". This report has breached standing orders and, as such, ought to be considered invalid.

MR STANHOPE (Leader of the Opposition) (12.04): Mr Speaker, I rise to congratulate the members of the committee and the members of staff involved in the preparation of the report. They had a very short timeframe and a very demanding task and, in the timeframe and with the limited resources available to them, they have produced a rigorous, detailed and considered report that has raised and sets out very clearly and succinctly a range of issues that go to the scenarios or the situations that we could consider as appropriate ways of dealing with the superannuation liability issue. They met their tasks to an exceedingly high standard and exceedingly well.

I will leave my comments on the issue of superannuation and the sale of ACTEW to the debate proper. The fact that we have been caught up in this nonsensical debate about the status of the report and the dissenting report is just a deliberate diversion from the question of this Government's determination to sell ACTEW. I do believe and do feel very strongly that the endorsement by the Chief Minister and the Minister for Health of Mr Hird's dissenting report is a silly and patronising joke. I have to say that it is, in effect, the last sad joke in the comedy of errors that have characterised the Government's failed campaign to sell ACTEW.

I will comment briefly on a couple of aspects of the charges made by Mr Hird. Challenges of breach of privilege, breaches of the privilege of this place, probably are the most serious accusations that one member can make against another. This is not a

laughing matter. This is an extremely serious matter. We have a member here, in effect, alleging breach of privileges of this place against other members. That concerned me deeply; so I went to the minutes of the committee, in which I expected to find chapter and verse details of Mr Hird's continuing concerns at the way he now claims, in retrospect, to have been dealt with by the committee. I looked through the minutes to see the extent of Mr Hird's concerns at the way he was allegedly being treated and to see the extent to which Mr Hird demanded that his concerns be recorded in the minutes of the committee.

These minutes, of course, are prepared by the secretary of the committee. The last two sets of minutes of the committee, the penultimate set and the ultimate set, I have perused because of my very serious concerns about these serious allegations. What do we see in the minutes? These minutes were signed off by all members of the committee and prepared by the secretary, a member of the staff of this place. The minutes are revealing. They do not reveal any suggestion by Mr Hird that he has any concerns about the process. He certainly took a position on his dissent and he took a position on how he wanted the dissent dealt with, but he did not have the numbers; he did not carry the day. The other three members of the committee consistently outvoted him.

We have the minutes, detailed minutes, recording resolutions to this effect:

Mr Hird moved that the committee seek a deferral of its reporting date of 2 February to allow for further consideration of the issues.

Discussion ensued.

The motion was lost on the voices.

The minutes go on:

Mr Hird foreshadowed that he would dissent from the report findings and argue that the report should be deferred

Mr Hird was obliged to leave the meeting but undertook to return to the meeting later that day and provide his written dissent to the committee

Prior to Mr Hird's departure it was agreed that in the event that the committee concluded its consideration of the draft report before his return, the committee would suspend until a later hour to enable Mr Hird to present and debate his dissent

By leave, the committee resolved to go through the report in the absence of Mr Hird; he was called away to who knows where.

Later in the day the committee, anticipating Mr Hird's return, reconvened to allow Mr Hird to do precisely that. The minutes indicate that the committee was informed that Mr Hird would be unavailable that day and would come back on 1 February. The majority of the committee, the other three members, then resolved:

... that the committee meet on 30 January at 11.30 am with a view to a final review of the report, including consideration of Mr Hird's dissent, should the committee find itself able to adopt any amendments to the report which might be sought by Mr Hird.

The secretary was directed to advise Mr Hird of the extended deadline. There we have detailed minutes setting out in a considered way the processes of the committee; minutes accepted by the other three members of the committee; minutes drafted by the secretary to the committee, a member of the staff of this place. I thought that perhaps the minutes did not reflect the views of Mr Hird, that when the motion was moved at the next meeting to accept those minutes we would see Mr Hird's objection to that history of the nature of the discussion in the penultimate meeting at which this process was set out. And what do we find in that ultimate set of minutes? We find these words in item 3:

Confirmation of minutes

On the motion of Mr Hird the minutes of meeting no 9 were confirmed

Mr Wood: Say that again.

MR STANHOPE: On the motion of Mr Hird, the minutes of meeting No. 9 - the minutes that I just dealt with at length - were confirmed. What a joke!

MS TUCKER: Mr Speaker, I wish to make a personal explanation under standing order 46.

MR SPEAKER: Proceed.

MS TUCKER: Thank you. I note that Mr Hird is going to write to you regarding the conduct of this committee. I would like to put on the record right now that I think that Mr Hird has been quite ridiculous in what he has just said. He did not raise any concerns during the meetings. As a member of the committee, I object to hearing the chair of our committee accused of intimidation. As a member of the committee, I assume that I am being accused of supporting that intimidation. I heard Mr Hird apologise because he had shouted at me and other members. This has happened before, but we are grown-up people and we do not spit the dummy in the Assembly and say that we have been disenfranchised because someone has shouted at us. It was Mr Hird who actually apologised in the committee for his behaviour. Of course there is spirited debate. I am very concerned that, as a member of the committee, I am once again being impugned by these accusations.

Mr Moore: We are talking about standing order 248.

MS TUCKER: Mr Moore knows absolutely nothing about what has gone on, except the allegations which we are now hearing from Mr Hird but which were never expressed to the committee. In fact, they are trying to bring the committee system into disrepute to serve their own political gains.

MR WOOD (12.12): Mr Speaker, a matter of privilege has been raised and it will be dealt with. There will be subsequent apologies, I have no doubt, from some members - Mr Moore, for example, who spoke much too soon in this debate. If he had waited until after Mr Stanhope, he might have some reputation left. Once again - - -

Mr Moore: What about standing orders and Mr Hird's comments?

MR WOOD: Yes, keep trying to divert attention. Once again, in interjections there were suggestions that Mr Hird's motion to confirm the minutes was not of that Saturday meeting. It was indeed, Mr Hird, of that Saturday meeting - the minutes of meeting No. 10, Saturday, 30 January. Just to cover the interjections on the motion of Mr Hird, the minutes of meeting No. 9 were confirmed - the Saturday meeting.

Mr Hird: They were the Friday's.

MR WOOD: The Saturday. Go and read your minutes.

Mr Hird: I would like to have a copy of the minutes, if it is at all possible.

MR SPEAKER: Order!

Mr Moore: When did you sign it off, Bill Wood?

MR SPEAKER: Order! The house will come to order. Mr Smyth.

Mr Moore: When did you sign it off, Bill Wood? Why do you not want to say?

Mr Hird: Yes, when did you sign it off, Bill Wood?

Mr Wood: You have dug a hole for yourselves; that is what you have done.

MR SPEAKER: Mr Wood, be careful when I am standing. Mr Smyth, would you like to participate in the debate relating to this report or would you just like to involve yourself in a slanging match about dates?

MR SMYTH (Minister for Urban Services) (12.13): I would certainly like to take my turn, Mr Speaker. The whole purpose of this report, the whole purpose of this inquiry, was, according to paragraph (1)(c) of the terms of reference, to suggest any alternatives to the proposed one-off funding option. If one turns to the pages that have a summary of the recommendations, one would certainly hope to find somewhere in there a summary of alternatives that may help the ACT meet its unfunded superannuation liability. The Chief Minister has addressed the lack of substance in this report, but it is worth going back to it because, of the 11 recommendations, it is only recommendation 9 that even attempts, and attempts quite poorly, to come up with answers.

There are no answers in this report. We have had an inquiry to give us an answer that gives us no answer, so one would have to question why we would bother at all. The report "recommends that the Assembly takes careful note", "recommends that all future work", "recommends that the Assembly take note of Mr Ford's suggestion",

“recommends that the Government develop strategies”, “recommends that legislation be introduced”, “recommends that the Assembly take note of the inherent risks”, “believes that the sale of ACTEW should not proceed”, and “recommends that the Australian Government Actuary be engaged to remodel all options”. The committee has done everything but what it was asked to do; that is, produce a credible alternative to what the Government suggested.

The Government put in a submission. It was a document of more than 60 pages. It was a document of substance, substance that the committee simply chose to ignore. They chose to ignore it because that is the best way to deal with their answer. Their answer does not want to contain the truth. Let us look at what they say. In doing so, do the maths on their answer because the maths are quite spectacular. We take out the \$300m to \$500m repatriation. We still take the dividend, but we put it to superannuation. We still spend the dividend in the budget, so we have only spent it twice now. Then there is this extraordinary allegation that somehow the ACT Government derives a \$9m tax benefit. So, we take \$300m, we spend \$40m twice, and we pick up this extra \$9m that somehow, I think, suggests that ACTEW and the ACT Government are involved in tax avoidance.

At the same time, we do not mention how we pay the interest on the \$300m - say, 5 per cent a year. I would like to know where the money comes from to cover that. We still get to balance the budget and it begins to look more and more like the sort of “Working Capital” Wayne’s world of economics where you can find a few hollow logs, split them open, double-, triple- or quadruple-spend a few bits of the budget, and we all live happily ever after. Mr Moore spoke of optimism. It reminded him of Indiana Jones and that chalice - “Methinks you have made the wrong choice”. That did not spring to mind for me. My memory is of *Monty Python’s Life of Brian* and the words “Always look on the bright side of life”.

We can all sit here and twiddle our thumbs, twist our heads and whistle because that is what this is: This is a *Life of Brian* committee report. This report has no foundation, no root in reality, because it does not answer what it was asked to do with special reference to any alternatives to the proposed one-off funding option. Their option is to take \$300m, not pay the interest, double-spend the dividend, pick up an extra \$9m in some sort of tax dividend and we will all live happily ever after.

Had the committee actually looked at what was asked of them instead of simply being used to pull down the sale of ACTEW, they would have looked at what the Government had suggested. If you look at the 60-page submission that the Government put in, you will find that it did look at options and it suggested the best path for us to follow and meet our responsibilities. Something that some of the so-called experts and commentators and probably even some of the members of this place have had trouble understanding is that, as well as the existing unfunded liabilities, total liabilities continue to grow every year. The point that we want to make to the members of the crossbenches, including Mr Rugendyke, who, I am sure, is listening to what we all have to say here, is that not only the existing unfunded liabilities but also the total liabilities that continue to increase every year have to be met by this Government.

We have already heard people saying that the Chief Minister is running a scare campaign. If we do not sell ACTEW and we do not meet the liabilities in one way, as the Chief Minister rightly says, we have to meet them in another way, and she is correct. If we meet them in the way of Ted Quinlan's report, we will take the \$40m as a dividend, we will still continue to spend it in the budget, we will not find any interest to cover the debt for the \$300m that they have taken as the starting block and at the same time we will pick up this mysterious \$9m tax windfall that we have. I am sure that the Federal Government will take note of Mr Quinlan's report and look at this \$9m tax windfall that we are getting.

It is very important that we keep all of this in context. The committee has, in fact, taken the easy way out. When confronted with the Territory's largest and most important financial issue, Mr Rugendyke, it has squibbed it on the hard decisions. Even worse, Mr Rugendyke, what they have said is that we can afford to live in cuckoo land. There we are, off with the pixies, up in the clouds, because we are going to base it on the newest budgeting and accounting precept of optimism. I have never read about optimism in a budgeting handbook or an accounting handbook. Instead of being careful and making realistic assumptions, we make optimistic assumptions. If you are optimistic, you can rip \$500m out of your account. Be optimistic; go forth and rip another two grand off the budget limit on your credit card; it is easy! In fact, Mr Speaker, they go on to say that you can do that and it will not have any effect whatsoever on the budget. We will give ACTEW a debt, we will make ACTEW pay interest on this debt, unless the committee says they do not have to, we will double-spend the dividend and we will have this mysterious \$9m. What we can do is go on pretending that there is some magical reason why a government owned entity like ACTEW can then not operate as efficiently and effectively as the rest of the utilities market. And then we have this allegation - somehow untested, quite bizarre and most likely untrue - that ACTEW is somehow gaining a tax benefit. I think Mr Quinlan should explain himself further on that issue.

Mr Speaker, this committee was set up to answer some of the concerns that Mr Rugendyke, Mr Osborne and Mr Kaine had about the sale of ACTEW and how we would address the superannuation liability. The Government in its submission put forward the options and it believed that the best option was that we avoid the double whammy of unfunded superannuation that occurs in about 2020 and peaks with an outlay of some \$200m. If the Opposition believes that in a budget of about \$1.5 billion we can in the year 2020 pull \$200m out of services, \$200m out of looking after the people of the ACT, and get away with it they are wrong. What are you going to do? Pull \$200m out of education or pull \$200m out of health? But in the land of optimism you can do this; this is optimistic economics.

Mr Kaine: You are on the optimism bit, too. You are a quick learner.

MR SMYTH: Here we go! Here comes the master of economics! The evidence says that the best way to meet this is by full funding. Full funding, an option not discussed in this report in any detail or depth, minimises the risk for the government of the day, of whatever persuasion it might be, and maximises budget flexibility. It also means that we are not passing on to other generations our debt and the inadequacy of this place

to address that debt today. It is today's debt; it is not the debt of the future. It is debt that has been accrued since 1989. It is the debt of the ACT Public Service and it is the debt for which this place is responsible.

Full funding is the least risky way, the most flexible way and the fairest way to fund that superannuation. But, Mr Speaker, we are going to ignore all that; we are just going to live in the land of optimism. We are going to double- and triple-spend money that we do not have, we are probably not going to pay interest on ACTEW's debt and we are going to pick up a tax windfall of \$9m. Mr Speaker, in both places where I have served as an MP - in the Federal Parliament and here - I have always had the greatest respect for the committee system. What we need to have answered now is the reason for not only the lack of intelligent information and analysis in this report but also the total disregard of the committee for what it was asked to do and the way in which it should be done. Mr Speaker, some accusations will fly backwards and forwards this afternoon, but I am sure that when you inquire into what Mr Hird puts you will find that this is probably a report that should never have come to this Assembly, firstly, because it does not answer the question and, secondly, because it was not done in a proper manner.

MR RUGENDYKE (12.24): Mr Speaker, I will be brief. I recognise that the unfunded superannuation debt is a problem for the Territory and a concern for every Canberran. We all know that it is a problem that cannot be ignored and that measures need to be implemented to fill the hole. The Government came up with its own measure; that is, to sell ACTEW. The Government did say that there was no alternative and they were insistent that we vote for that option back in December.

You might recall that in December the inquiry into superannuation was instigated, against the Government's wishes; it was vehemently opposed. I supported the inquiry because I did want to see whether there were alternatives to the Government's proposal. The Government did not want to listen, but I did. I know that my electorate wanted to know whether there was an alternative. This inquiry was a means of seeing whether this was the case.

The Government told us that the only option to meet the unfunded superannuation problem was to sell ACTEW, sell it now, sell it quickly; but I do know that the community would much prefer to retain ACTEW, as they feel passionate about ownership of their largest asset. If that is what the community desires, the Assembly has a duty to explore that option fully. The superannuation inquiry has demonstrated that selling ACTEW may not be the only solution. It is up to the Government to analyse the report of the superannuation committee and address the superannuation debt whilst keeping ACTEW in public hands, as this appears to be the will of the majority of members of this Assembly.

Sitting suspended from 12.27 to 2.30 pm

MR HUMPHRIES (Attorney-General, Minister for Justice and Community Safety and Minister Assisting the Treasurer) (2.30): I join in comments made by others in this chamber that this report is a very sad report and a far cry from what I have come to expect in my time in this place as the standard of reports from Assembly committees. I ask members to look at the report itself, to read just a few of the paragraphs of this report, to see that it is tangibly different from other sorts of reports. From almost the first page of this report it takes a very directly partisan and political position on the issues which were before that committee. We at least go through the pretence, if I might give it that derogatory term, of considering the points of views of others that come before a committee, views with which perhaps members of the committee have already had some difference of view, and we sit down in the committee context and we examine those views as objectively as we can, given the starting positions that we bring to such exercises.

That is not even attempted in the case of this report. From page 1 it sweeps aside any information, any evidence, which it considers to be unhelpful in reaching a conclusion which, it is tempting to believe, was predetermined before the very first day this committee ever sat. The evidence of witnesses for the Government was downplayed or dismissed, often with extremely spurious arguments and devices. Almost everything the Australia Institute put before the committee has been adopted uncritically. In my experience, no one submission, particularly in such detail, to an Assembly committee ever is the sole repository of wisdom. There is always some good and some bad in every submission. We see none of that in this report. It is a partisan report of a kind which, frankly - I know that you expect us to say this, but I have to say it to you - shocks me in its inability to come to terms with the issues in the subtle way in which we have expected committees of this Assembly to approach issues. The facts are used only insofar as they support the predetermined conclusions; others are simply ignored. I will come to some of those facts in a minute to illustrate my point.

Mr Speaker, let me run through some of the things which are very serious about this report. Some of the things can be explained as the product of the great speed with which this report was prepared. Others, unfortunately, are not so easily explained. First of all, great store was placed, in the report itself and subsequently in the media, in fact before this report was released - that is a matter which has been referred to already today - by the fact that there was apparently some difference of view, indeed some criticism, by the Australian Government Actuary of the ACT Government's figures with respect to the calculation of the superannuation burden over the next 20 or so years. We have all read the reports late last week in the media about how seriously the Chief Minister - a highly personalised comment - had exaggerated the extent of the superannuation burden.

Ms Carnell: Very personal.

MR HUMPHRIES: It was very personal indeed. Such was the comment, apparently, that the Actuary saw fit to actually write to the Under Treasurer and clarify some of the comments that had been made. I quote from that letter of 29 January, which was clearly an attempt to hose down some of the exaggerated comments being made in the media, before the committee report was presented, about this so-called exaggeration.

Mr Moore: By Mr Quinlan.

MR HUMPHRIES: By Mr Quinlan, who has been quick to say that people in this debate have been prone to exaggerate. I quote Mr Deeves, the Acting Australian Government Actuary:

I am of the view that it is appropriate for superannuation accounts to not understate the likely financial position of a fund. It follows that I regard the figures quoted in the ACT superannuation accounts as having been calculated using a reasonable basis for accounting purposes.

Mr Speaker, incidentally, as a small sideline to that, I am told that when the Actuary actually prepared the first draft of this letter the words “for accounting purposes” did not appear in that report. The words “for accounting purposes” were added after a draft of the letter was circulated to the committee itself and I presume to Mr Quinlan, as its chair. I understand - if I am wrong, he can correct me in the course of this debate - that it was his view and the view of his committee that those words should be added, apparently because it rather overenthusiastically appeared to endorse the ACT Government’s accounting, after he in particular had gone to the media attacking that accounting, making it clear that the accounting, in his view, was totally unreliable as a basis for making a decision about superannuation. Mr Speaker, that tells us a lot about the accuracy of this report. The whole great thrust of this report is built around the assumption that the Government has exaggerated its figures. This comment from the Actuary makes it clear that it has not.

The second issue is the issue of the use of equity markets to invest superannuation funds in. Mr Speaker, the report, fairly obliquely, criticises the Government for having the temerity to consider investing, and to intend to invest, proceeds of a superannuation fund in the equity market. I think members should be clear about this. Yes, it would be the intention of the ACT Government to invest at least part of the funds from any sale in the same location as funds which are put aside for superannuation are already invested; namely, in a number of revenue-producing or interest-producing areas which produce a balanced and mixed portfolio. They include Australian equities, foreign equities, the property market, fixed interest accounts and cash.

Mr Speaker, the reason we would do so is that that is where historically and, in fact, as far as I am aware, universally, governments always invest their superannuation moneys, because it is sensible and prudent to mix up a portfolio among those different areas. I am surprised that someone like Mr Kaine, who has more familiarity with this area than perhaps others on that committee, did not understand or pick up that point. There is nothing unusual about investing in equities. It is appropriate and, indeed, Mr Speaker, the point needs to be made that the Labor Party in government also invested superannuation trust moneys in equity funds. So we had this ridiculous media statement a few days ago from Mr Quinlan saying that the whole structure of superannuation would be threatened by the Government’s investment in equities, when, in fact, his own government had done exactly the same thing and indeed would do so undoubtedly if it were in government again in the future. Where is the fairness in that comment?

Mr Speaker, the most important flaw and problem with this report, which is absolutely damning, is its lack of an alternative. We expected when this committee was established in December that it would examine the Government's proposals, and Mr Rugendyke and Mr Osborne in particular had these issues very squarely on the table. I think if they go back to the *Hansard* they will see that they said - I would be grateful if Mr Rugendyke would listen to these comments - "This is the chance for the Labor Party to put up or shut up on superannuation". Where in this report does it do so? He does a great hatchet job on the Government's proposals - - -

Mr Kaine: On a point of order, Mr Speaker: I think, as a member of this Assembly, I am entitled to challenge that presumption put forward by the Minister that this committee is somehow speaking for the Labor Party. The committee was established by this Assembly, with multipartisan membership, and to suggest that it should somehow represent the Labor Party's view, I think, is totally in error.

MR SPEAKER: Thank you. There is no point of order. Proceed, Minister.

MR HUMPHRIES: Mr Speaker, I repeat: It was the chance for the committee to receive the Labor Party's alternative proposal for funding the superannuation liability of the Territory. That was said expressly on several occasions in this place in December, and when we look at this report we do not see that there. (*Extension of time granted*) What we see here very clearly is an attack on the Government's proposals from all sorts of, I think, fairly scrappy material. Fair enough; you do not like the Government's proposals. There are weaknesses in it. We would be the first to acknowledge that. There are things about this proposal which are not particularly attractive. But the point is - and this is the point we have made from the very first day of this debate - that the alternatives are not particularly attractive either. When you focus on what would be the alternative to this, you come quickly to the conclusion that the sale of a major asset to protect the value of that asset by converting it to other assets which attract higher returns to the Government is a better way of protecting the Territory's future in terms of the superannuation liability.

Mr Kaine: That is one view.

MR HUMPHRIES: Well, Mr Speaker, I ask members to look at the cover of this report: "Select Committee on the Territory's Superannuation Commitments". This is not a report about the Territory's superannuation commitments; this is a report - - -

Mr Kaine: Rubbish!

MR HUMPHRIES: No, Mr Kaine; this is a report about one proposal which has been put forward by the ACT Government for addressing the superannuation commitments; namely, the sale of ACTEW. It does not address the alternatives, except in the most cursory way. Look at recommendation 9. This is where I expected, reading this report, I would find the alternative, the proposal put forward by the Opposition, by the Labor Party; what they would do. Instead, I find four very loose, inconclusive criteria.

The alternative proposal, which the Government has to go away and develop, is one that minimises the net impact on the budget. Thanks; that is very helpful. It is one that provides a timed approach to funding the unfunded portion of the liability. Well, that is very helpful. A timed approach means do not pay it off all at once; do it over a period of time. Thank you very much; that really puts us on the right track. It is one that includes a repatriation from ACTEW to increase the current SPU coverage to above 30 per cent. That is somewhat specific, but again not particularly helpful. It does not tell us very much about exactly what proportion it should actually be, what sum of money should be repatriated. Finally, it is one that utilises the income stream from ACTEW to contribute towards the unfunded liability. That is, in fact, the most direct comment that it has made about what to do about the responsibility to meet the superannuation. But what does it actually mean? What it actually means is that we divert money which is presently coming by way of a dividend from ACTEW and we put it into the superannuation liability fund.

But the question has to be asked: Where is that dividend going now? Mr Speaker, I will tell you where it is going now. It funds schools, it funds teachers, it funds nurses, and it puts police on the streets of this city. If you take \$40m, or whatever it happens to be, out of that dividend stream and put it into superannuation, that is fine; you have very partially covered superannuation - let us put aside the question of where the rest of the money comes from - but you have also opened up a huge gap in the recurrent costs of the Territory. And that, Mr Speaker, is where this report is so deficient. It does not identify how you take \$40m, or whatever the figure might be, out of recurrent expenditure of this Territory and still provide essential services.

The members of this committee who brought down this report, I think, were derelict in their duty of addressing these issues. They did not face up to that question. Okay, we can poke a few holes in the Government's proposals. Big deal! What is the alternative? Where is the alternative model? There is no palatable alternative model, Mr Speaker. At the end of this debate, that remains our position.

Mr Kaine: What is the Government's fall-back position? You don't have one.

MR HUMPHRIES: Mr Kaine asked me for the Government's fall-back position. We at least have put a position on the table.

Mr Kaine: No, you have not.

MR HUMPHRIES: We have. It is very clearly on the table, Mr Speaker. Where is the alternative government's proposal? Where is their counter? How would they deal with this matter if tomorrow the Government fell and they were on the Treasury benches? Where are their proposals?

Mr Corbell: Give us a go.

MR HUMPHRIES: No. I think we deserve to see the whites of your eyes before we do that, Mr Corbell. We deserve to see what your proposal would be. Mr Speaker, it is intensely dishonest to simply and blithely promise to divert \$40m into superannuation without explaining where that money is coming from. That is what this report does, and that is why this report should be rejected in its entirety by this Assembly.

MR QUINLAN (2.47), in reply: Mr Speaker, can I thank all the members of this place for the interest they have shown in the committee's report. Can I particularly thank those members of the Government who attacked the process and the chairmanship. I assume that those who spent so little time talking about the report and who concentrated on process, on me and on other members of the committee have precious little to offer the actual debate. One always expects a vitriolic response from Mr Moore and Mr Humphries. It is pretty much their stock-in-trade. Of course, the effect is minimal.

Mr Moore: We are going to expose your inadequacies too, and your bullying tactics.

MR QUINLAN: You are used currency in that regard, Mr Moore. I have to admit that I did quake in my shoes a little bit when Mr Smyth rose. I thought, "Jeez, I am going to catch it now". But he was not nearly so unkind. He merely mimicked the Chief Minister. The Chief Minister devoted a considerable amount of time to her pessimistic side and the folly of optimism - not the "Happy Days Kate" that we know, not even the Kate who, as recently as yesterday, was popping champagne for the media over our economic prospects.

I want to make this point clear. The committee was very concerned that the Assembly and people of Canberra were not given the full picture - the spectrum, from the pessimistic to the optimistic. You do not trust the Assembly as a whole and you do not trust the people of Canberra with all the information. Who conferred the divine right of censorship on this Government? This is the place where major decisions are taken, but this place has received the proverbial mushroom treatment, and the absence of a balanced picture is a prime message in this report. This may be a novel idea; but, from here on, why do you not come to this place with the balanced picture?

Let me now turn to the matter of the dividend of ACTEW - which, seriatim, I think, Mr Lambert of ABN AMRO, the Chief Minister and now the Deputy Chief Minister somehow believe you can do away with by doing away with ACTEW. So you have not got it; but we cannot have it for our model. That is not fair. It is going on schools and hospitals and policemen. Where are those moneys going to come from when you have sold ACTEW and devoted it all to the superannuation?

Let me turn to the process for this committee. The picture that one might derive from today's discussion is very far removed from what actually happened. There was a very bizarre twist in the debate, which contained little substance from those on that side of the house. I actually want the world to know that, despite what has been said in this place, I like Harold Hird.

Mr Hird: I think you are a good bloke too, Ted.

MR QUINLAN: Thank you, Harold.

MR SPEAKER: Would you two like to go out outside and talk about this, or can we get on with the debate?

MR QUINLAN: Thank you for your assistance, Mr Speaker. Mr Moore, I have to say that Harold actually did write his report unaided, because he told us so. He wrote it on Friday night with Emma. I do not think you have the right to steal his moment by even suggesting that he had external assistance. By agreement, the committee included all of Mr Hird's comment, unedited - at least by us - for the world to read and digest. What could be fairer than that?

Again I want to thank all those who assisted in the preparation of this report and its delivery to this Assembly on schedule, despite some difficulties along the way. I commend the motion to the Assembly.

Question resolved in the affirmative.

ACTEW CORPORATION LIMITED - PROPOSED DISPOSAL

[COGNATE BILL:

ACTEW (TRANSFER SCHEME) BILL 1998]

MR SPEAKER: Is it the wish of the Assembly to debate this motion concurrently with order of the day No. 1, Executive business, relating to the ACTEW (Transfer Scheme) Bill 1998? There being no objection, that course will be followed. I remind members that in debating notice No. 1 they may also address their remarks to order of the day No. 2. Members who have previously spoken to order of the day No. 1 will be able to address the Assembly again.

MS CARNELL (Chief Minister and Treasurer) (2.53): I move:

That this Assembly approves:

- (1) the disposal of ACTEW Corporation Limited, its subsidiaries and major undertakings with the exception of the water, dams and water and sewerage treatment plants which are to remain in public ownership; and
- (2) that the Government may enter into long term contracts for the operation, maintenance and management of the dams and water and sewerage treatment plants.

Mr Speaker, in considering the ACTEW (Transfer Scheme) Bill and the motion that I have just moved, members should remember why we are here. That is to make decisions that are in the best interests of the ACT community. Avoiding these decisions is a gross neglect of our duties. Today members will be asked to decide whether to take a decision to ensure that the value of one of the Territory's most valuable assets is secured and thereby put the Territory into a position to meet its future financial commitments or whether to put our heads in the sand and do nothing. We have heard a lot of that this morning.

Based on the advice of independent experts and the Government's consideration of these issues, it should be obvious to any fair-minded observer that the Government's proposed sale and concession of ACTEW and the enhanced regulatory framework for utilities will result in an improved outcome for the ACT community. The Government's proposed approach is arguably the only way to ensure the provision of efficient and effective services while dealing with other pressing financial issues.

The Government is not alone in this view, although those opposite would seem to think so. The Auditors-General of New South Wales, South Australia and, more recently, the ACT all recognise the imperatives which are driving governments to privatise their utilities. In addition, the need for changed ownership arrangements has been supported by the Electricity Supply Association, the Canberra Business Council, the ACT Region Chamber of Commerce, the Victorian Regulator-General, Access Economics, community and business groups, the ACTEW Corporation board, and numerous citizens, as shown in letters to the editor in the *Canberra Times*.

The Government's commitment during the election was to maintain and to protect the value of the asset, an asset that independent analysis shows is worth more than \$1 billion at present. Just this morning I had a multinational company in my office making that extremely clear. Mr Speaker, those opposite laugh.

Mr Corbell: Tell us who was with them.

MS CARNELL: Who was with them? Ros Kelly, a well-known member of the Liberal Party!

Mr Speaker, one thing is certain: If the Government retains ownership of ACTEW it will surely lose value. Before the election, we made a commitment not to allow that to happen. ACTEW itself says that it cannot compete effectively in the newly created competitive electricity market.

Mr Speaker, where did the push for the sale of ACTEW originally come from? It was not from the Government, but from the board of the corporation. ACTEW cannot take the commercial risks it needs to take to operate in this market, nor can the Government and the ACT community afford to inject funds that would provide the capacity for ACTEW to diversify its operations interstate. We cannot afford to buy ACTEW's way out of its difficulties.

Furthermore, ACTEW has little capacity to expand its activities within the ACT due to very modest population growth forecasts and intense competition from interstate. Mr Speaker, this tends to throw some doubt on Mr Quinlan's wonderful views on how ACTEW is going to grow. You can only grow by providing front-end services if you have more clients, more customers. The fact is that we cannot have more customers if we do not have population growth or to the extent that may have existed during the 1970s and the 1980s. I think everybody accepts that that is not going to happen. So that simply is not a sustainable approach.

Is this a problem for the future? No; it is a problem now, Mr Speaker. ACTEW's retail division made a profit of something like \$7m last year, but so far this year it is running at not nearly that much. How much value will be lost if the Assembly decides to do nothing? The Territory could be up to \$500m worse off. But that is only in the short term. Canberrans of the future will be left with the burden of the ACT Government's unfunded superannuation liability, which will mean that we will pay more tax and have fewer essential services available in the future, such as health and education, simply because there is no way that the ACT budget, in 10 or 15 years' time, can possibly afford an extra \$100m-plus if the ACT does nothing or if this Assembly chooses to put its head in the sand.

The Government is not locked into any ideological position on ACTEW, unlike those on the opposite side. Why would any government choose to take on an issue this difficult if we did not feel we had to? Why did New South Wales Labor take on this issue? Why did the Victorian Government take on this issue? Why did the South Australian Government take on this issue? Why did the Western Australian Government take on this issue? The reason was that it is necessary. Whether it be Liberal governments or Labor governments, whether they be State, Territory or Federal governments, everybody has had to take on this issue. It is not something that is ideologically driven at all; but I have to say that it is a decision that needs to be taken.

We made no decision to sell any part of ACTEW until the outcomes of rigorous investigations into the risks that ACTEW faced and the pros and cons of the numerous options that were available had been considered. So, we did not rush in after the election and say, "We are going to sell it now that the election is over". We had in-depth studies of what our options were to maintain the value of ACTEW. The studies were carried out by experts in the field. The first of these studies, by Fay Richwhite, stated:

As a sole shareholder in the ACTEW business, the ACT Government is faced with a substantial dilemma in relation to the growth options available to ACTEW. While the pursuit of these growth options is the key to the enhancement of ACTEW's long-term commercial value, the pursuit of these growth options carries the risk of investment failure to varying degrees.

Fay Richwhite is not a consultant that works only for Liberal governments, Mr Speaker. It has regularly worked for Labor. Similarly, and more recently, ABN AMRO, who are renowned experts in the field, delivered a scoping study into ACTEW, which indicated that ACTEW could be worth about \$500m less in value if the utility remains in public control. The reasons for this are simple. First, governments have unlimited exposure to the full range of commercial risks faced by businesses they own, whereas private sector corporations do not. In this context, members may care to reflect on what happened in Victoria and South Australia with the failure of State owned banks, simply because there was unlimited liability. At the moment in New South Wales there are a number of cases pending for New South Wales owned electricity corporations, ones that could end up costing the New South Wales Government over a billion dollars, again, Mr Speaker, because of unlimited liability that runs with government owned entities.

Secondly, private sector owners will be able to extract additional benefits and efficiencies through economies of scale as ACTEW, which is now one of the smallest utilities in Australia, becomes part of a larger whole. In other words, Mr Speaker, if ACTEW becomes part of a bigger entity, whether in Australian or overseas terms, the capacity to buy better in the market, the capacity for economies of scale in a whole range of areas, is there, but not if it is in public ownership, not if it stays as the little ACTEW in the ACT.

Thirdly, Mr Speaker, private sector owners have access to finance to be able to pursue growth and diversification and the willingness to take the associated risks, whereas prudent governments do not. Mr Speaker, who in this place would suggest that ACTEW go into the market and buy, say, an electricity distributor in Victoria or New South Wales? How about going into New South Wales and buying one of theirs? That would involve potentially billions of dollars that may or may not make a profit. Who would wear the loss? Mr Speaker, it would be the people of the ACT. Government owned entities cannot take risks. So, if you have got a situation where a government owned entity has unlimited exposure to a full range of commercial risks, a public sector operator that cannot at the moment get access to efficiencies, buying power and all the other things that go with being a little entity, and also a situation where there is simply not the risk capital to grow in the market, what do you have, Mr Speaker? You have a capacity for no growth.

What this means is that ACTEW is worth \$500m more to ACT taxpayers if we sell it now and extract the full value of the asset. It is actually quite simple to understand. This premium, as the consultants' report shows, will decline over time if we sit on our hands and do nothing. In fact, the premium could decline very quickly if New South Wales and South Australia elect to sell or lease out their electricity businesses, which could release about \$30 billion worth of assets into the market. Already this week we have seen the Victorian gas entities go to the market. And what was the outcome? It was a significantly better return to the Victorian Government than it expected. In fact, the markets are saying, "It really shows that right now is the time to sell, simply because there is money out there to invest". The Western Australian Government is currently looking at doing exactly the same with its gas assets, simply because the return to the taxpayer is better.

Mr Speaker, ACTEW would struggle for recognition in the face of such a huge market for investors' funds. If we are forced to put ACTEW out at a time when there are that many assets, when there is some \$30 billion worth of assets, on the market, ACTEW simply would be swamped, Mr Speaker. Right now, that is not the case. The Government's commitment to maintain the value of the asset, our commitment to the people of the ACT, can be met only through the proposed sale and concession of the asset.

What is the Labor Party's plan to maintain the value of the asset, Mr Speaker? We have spoken about that a lot this morning. Do they plan to inject enough money into it so that it can generate the economies of scale we are talking about? Mr Speaker, how do they plan to generate risk capital into the market? What services would Labor cut to fund ACTEW's expansion. We do not have any other money anywhere else. So, if the Labor Party is planning to make ACTEW grow, it will need capital. Where will it come from?

Would they raise taxes? Would they borrow? How would we know? What services will they cut and what taxes and charges will they impose to meet the amount of money that we will need to fund our growing superannuation requirement?

This morning we have already seen a report on the table that puts up a solution that just says, "Move the ACTEW dividend". Unfortunately, Mr Speaker, the ACTEW dividend is in our budget now - the whole \$45m - paying for health and education. There is no new money in the budget or anywhere, Mr Speaker. They just say, "Don't you worry about anything. You can do without the dividend and you can pull money out of ACTEW at the same time". What will they do? We still do not know. And, Mr Speaker, we still do not know what the Independents would do either. Would they cut existing benefits to current staff? If we cannot pay the superannuation liability what would they do? Would they cut our responsibilities to public servants in the future? I certainly hope not, Mr Speaker. That would simply be unacceptable. But we do not know what they would do.

The Labor Party and others have made numerous statements about the perils and the evils of privatisation, and they refer to the Victorian experience or the Queensland experience or the South Australian experience. The fact is that these statements are misinformed and blatantly wrong. (*Extension of time granted*) Whether the errors are deliberate or based upon ignorance, I suppose, is a matter for conjecture. Either way, Labor has been proved wrong on virtually every assertion it has made.

Let me now look at some of these situations that have occurred interstate. In Queensland, power supply has often reached crisis point in times of peak usage. In fact, I think in the media this morning we saw a situation in North Queensland where exactly this has happened.

Mr Smyth: It happened at 2CN this morning.

MS CARNELL: That is right. It must have been because they do not use ACTEW. It has been stated that, on an unseasonably hot day, Queensland's energy reserves would sink to just enough to supply six large office buildings. As a result, people are required to cut back on their usage of lights, pool filters, air conditioners and so forth. Queensland is likely to experience blackouts in the event of further maintenance problems. In recent months, Queenslanders have had to endure the worst blackouts in a decade. These problems have arisen, not under private ownership but under public ownership.

The New South Wales Government convened an urgent meeting in October following a fatal accident in the electricity industry. The New South Wales Industrial Relations Minister said that there had been a number of serious accidents that had raised serious safety concerns. In the same month, hot water was cut to 7,000 residents at Lake Macquarie after a breakdown in a local energy substation. Power supplies were also cut to 2,000 affected homes. Again, Mr Speaker, those problems arose under public ownership.

The cost of the contamination crisis to Sydney Water continues to rise as commercial customers finalise the cost of their operations. Sydney Water has already been ordered to give all 1.2 million affected property and business owners a \$16 rebate and to

freeze prices. These measures will cost some \$25m. It is also facing a multimillion-dollar class action. The New South Wales Auditor-General has questioned why the Government has not inserted water quality standards into the licence conditions for Sydney Water. The Auditor-General stated:

... the Minister for Planning issues a water licence for Sydney Water and he has an auditor to examine the licence conditions including water quality standards. The question is why, if in 1988 Milwaukee had 100 deaths and several thousand illnesses from a cryptosporidium outbreak, 10 years later, that was not in the licence conditions.

It is still not in place. This is not in the private sector, but in the public sector. In her first five months in office, the New South Wales Energy Industry Ombudsman has received more than 1,200 complaints. So let us again ask the question: Who owns these businesses in Queensland and New South Wales? The answer is obvious, Mr Speaker. They are government owned. We have heard lots of comments about Auckland, even in the advertisements of those opposite. The Auckland power distributor, Mercury Power, is a government business enterprise, really no different from what ACTEW is today.

Now let us look at what occurred in Victoria following privatisation of the electricity industry. In regard to electricity prices in Victoria, the real price of electricity for domestic customers fell by 9 per cent between July 1993 and June 1996 and the prices are still falling. After June 1996, a further 2 per cent cut to domestic customers was delivered and reductions of one per cent, in real terms, will be delivered each year up until December 2000. But this is only for domestic customers. Real reductions in prices totalling 22 per cent should be delivered to small and medium-sized business customers through to 31 December 2000. In addition to better prices, service levels have also improved in Victoria since that State's electricity privatisation program began. The independent Regulator-General in Victoria, Dr John Tamblyn, has stated:

Of Victoria's 5 previously Government owned distribution companies the reliability improved from 510 minutes off supply per annum in 1989-90 to 218 minutes in 1996-97 - a 50% improvement in reliability of power supply to consumers. All private distribution companies have recorded a reduction in disconnection levels for non-payment, by 47% for residential and 36% for business. This reflects a major commitment to provide a better and more customer focused level of service.

It has been suggested that the electricity retail business is the only activity that is facing competition; that all we need to do is sell that part of the business and the problem will be fixed. This is simplistic in the extreme, Mr Speaker. Mind you, the legislation that I think members are about to knock off is exactly the bit of legislation we would have to pass to do that.

Mr Speaker, ACTEW's distribution business also faces significant risks. For example, the proportion of households switching to gas for space heating increased from 6 per cent in 1983 to 46 per cent in 1994. Gas has the dominant share of heating, hot water and cooking in newer suburbs. Once the Longford to Sydney gas pipeline, which will also feed into the Canberra market, brings competition and lower gas prices to the ACT,

substantial falls in the amount of electricity sold in the ACT are possible. Lower overall electricity sales could render the distribution business worth even less in government hands. Customers would also suffer as ACTEW's overheads were spread over a reduced number of sales, further driving some customers away and changing households' energy mixes. Private providers will also be able to deliver improved water and sewerage services; but, because of the nature of these businesses, the Government has decided to retain important strategic assets in government ownership. (*Further extension of time granted*)

Mr Speaker, the concession arrangement for the dams and water and sewerage treatment plants will have built into it rigid standards that will ensure that environmental requirements and health and safety issues are assured. The concession arrangements will allow the Territory to catch about \$160m in value which flows from keeping ACTEW as a multi-utility without any detrimental effect on social or environmental outcomes.

As I stated earlier, Mr Speaker, the Government's proposed course of action in relation to ACTEW achieves the best possible outcome considering all factors. The new regulatory framework, which is being put in place even as I speak, will ensure that customers and the environment get a better deal than they get now. Competition will lead to improved services, as has occurred in the telecommunications industry, and efficient service delivery, as obviously occurred in Victoria, will lead to reduced prices in the long run, as has already occurred in the only State to go down this path. As well as these benefits, one of the most significant risks to the Territory will be completely erased. The Territory will be put into a much stronger position to meet our financial obligations, and the sale and concession of ACTEW will go a long way to reducing the Territory's operating loss.

These outcomes can be achieved only by the Assembly agreeing to the sale and concession of ACTEW. If the Assembly does not agree to the disposal of ACTEW, and thus facilitate the best solution for the unfunded superannuation liability, ACT taxes and charges will rise in time and service provision will decline. Mr Speaker, this is not a scare tactic. What else can happen? If we take \$45m, if we take the dividend from ACTEW, and put it into the unfunded super, it still does not solve the problem, Mr Speaker. There is a gap in the budget, quite simply. In those circumstances, how will the Opposition and the crossbenchers be able to explain to their children and their grandchildren why we allowed the value of the Territory's biggest asset to decline and consigned them to a high-cost, low-service-provision future? Mr Speaker, these are not my words; they are the words of our Auditor-General. The Auditor-General said that, unless we address the operating loss, it will affect the ACT's quality of life in the future.

Mr Speaker, how members of this Assembly can simply ignore that I find absolutely remarkable. Mr Quinlan said recently in a press release that the operating loss was at an unacceptably high level. He has said regularly that the unfunded superannuation situation is unsustainable. We agree. But what are those opposite and those on the crossbench going to do about it? They have not told us; but they are quite willing to knock off the one solution that works, that is on the table. Mr Speaker, there are a lot of other options; but they are simply not as good.

If anybody in this place honestly believes that you can solve the Territory's operating loss - something that the Auditor-General has told us will cause a problem for our quality of life down the track and that Mr Quinlan has said is unsustainable - by not selling ACTEW and moving \$45m out of our budget into our superannuation provision account, then I have to say that it is a new form of accounting. It is very easy to make an emotional decision in this area. It is jolly hard to make a decision based upon the facts, because there are a lot of facts.

Over the last few months, and probably somewhat longer for me, we have been subjected to a huge amount of documentation. I know that sometimes the reaction to that is to say, "It is all too hard. We will just maintain the status quo". But, Mr Speaker, the status quo is not an option. The CEO of ACTEW and the board of ACTEW have made that clear, as has the Auditor-General. The status quo is not an option. That is not what we are voting for today. We are voting for a situation where ACTEW stays in public ownership, where it has to shed staff - even the Australia Institute understood that - where we have to look at doing something with the retail arm of ACTEW, where the entity has to look elsewhere for possible dollars, and I cannot see where it could be but in the private sector, to commercialise TransAct and Cranos.

We are making a decision today to make the only option available for our operating loss to be either increased taxes or reduced expenditure. Again, these are not my words; they are the Auditor-General's words, Mr Speaker. He said that there are only three ways - increase taxes, reduce expenditure or sell assets. Mr Speaker, those opposite and those on the crossbench are saying that you cannot sell assets. So, Mr Speaker, when I make comments about the budget to come, it is not using scare tactics. It is exactly what the Auditor-General has already told all of us. If we do not do this today, there is no choice at all but to reduce expenditure and put the pressure on revenue. Again, they are not my comments; they are those of the Auditor-General.

MR STANHOPE (Leader of the Opposition) (3.22): Mr Speaker, since self-government, this Assembly has quite regularly, and in the main quite unremarkably, dealt with issues of great importance to the Territory and to the Territory's citizens. But this proposal - that the Territory sell its largest asset, ACTEW - is arguably the most important issue that this legislature has dealt with. This is an issue of defining importance, Mr Speaker. It is an issue that demands to be resolved.

It is an issue of critical importance for more than one reason - first, and most obviously, because the Government proposes to sell this community's largest asset, an asset whose operations directly affect every household, every person and every business in the ACT. It is not a proposition to be taken lightly. Once sold, ACTEW is gone forever.

Second, the Government has tied its proposal to sell ACTEW, directly and by implication, to a raft of financial pressures facing the ACT, each of which is important and each of which needs to be addressed. We agree with the Chief Minister in that regard. What is immediately questionable is the Government's assertion that the only way to solve these financial problems is to sell ACTEW. Sell the house to pay the mortgage - the classic response. Flog off the farm to build the fences.

Third is the way in which the Government has tried to run this debate. It has become evident that the Government's contribution to this debate is characteristic of the flawed way in which it does business across all areas. The sloppy attention to detail, the quick grab, the selective use of consultants' recommendations, running with the biggest available figure, the most emotional threat, and then the personal attack on those who do not accept the line - these are the tools the Government has used to press its less than substantial case. The fact that they also characterise the style of this Government across its operations - the decision, at times perhaps a promise, in search of a justification - in itself brings a singular importance to this debate.

But the compelling reason that establishes the importance of this debate lies in what the parties to it stand for. Make no mistake. When the rhetoric is cast aside, when the numbers are put to one side, when the light of debate throws the arguments into sharp relief, there is a clear and evident difference in what each of the main parties stands for in this debate. Labor stands for the protection of the community's interests. Labor stands for the saving of local jobs. Labor stands for the protection of small business in Canberra. Labor stands for the provision of an efficient supply of quality essential services at fair prices. Labor stands against the sale of ACTEW, and does it proudly. The Government has clearly demonstrated it stands for none of this.

Mr Speaker, Labor has consistently rebutted the arguments put by the Government to justify its intention to sell ACTEW. But in rebutting those spurious arguments we do not deny the value of ACTEW to the ACT economy and to the ACT community. That is the very point of the debate. As the ACT's largest corporation, as a major employer, ACTEW deals in big numbers in this town. It means big profits and it has meant consistently big dividends to its owners, the people of Canberra.

Of course, the exact worth of ACTEW has been the subject of some discussion during the public debate, and the Chief Minister brings it up again today. The Australia Institute, in its report "The Privatisation of ACTEW", used consistent accounting methods to assess the value of the corporation in public ownership. The value the institute put on it, on a best estimate basis and perhaps somewhat conservatively, is that ACTEW is valued at more than \$1.7 billion. This is more than the Government would have us believe ACTEW is worth to the market. But the Government's valuation comes from mistaken conclusions reached by its consultant, ABN AMRO, applied by the Government to make the corporation's current financial position look as bad as possible and the benefits of privatisation look as large as possible.

The Government's intention was to build a case that would sustain its decision to sell. This was not a case of an emerging problem driving the Government to an inevitable solution. That is the essential flaw in the Government's approach to the entire issue. It took the decision, albeit only after leading the people of Canberra to believe, in the election campaign, that it had no such agenda, and then it sought to justify it. And the justifications available are not strong, and in the event they are not, and will not be, sustained. So the Government, as is its wont, was selective in the figures it chose on which to base its justification, as evidenced by the use of the ABN AMRO valuations.

The risk in the strategy that the Government adopted is, of course, that a rigorous examination proves the exaggeration, as the Australia Institute's report demonstrates. The institute has shown that, if correct accounting methodology is used, ACTEW's valuation is substantially higher than that suggested by the Government, and thus the loss to the community through privatisation of the corporation, given the assumption of the eventual sale price of ABN AMRO of about \$1 billion, is in the order of \$700m. The Government has not been able to explain - indeed it has not even bothered to try - the fiscal responsibility of that position.

This selective use of figures is a characteristic of this Government's modus operandi. We saw the pattern set perhaps a year ago, in the first days of this Assembly, when the Chief Minister grossly overstated private sector jobs growth in the ACT to win a headline in the *Canberra Times*. She was caught out then compounding the mistake in this chamber, and she has been caught out again in this debate. She has been caught out again and again.

Mr Speaker, the history of privatisation is the history of redundancy. The history of utility privatisation and corporatisation indicates that cost efficiencies are primarily sought through the reduction in staff. That is not arguable. There is a raft of evidence that shows that Australia's combined electricity, water and gas supply industries had the vastly highest ratio of retrenched workers of any industry in Australia. It is quite obvious, despite the protestations of the Chief Minister that any sale contract would include a requirement for a private owner to retain ACTEW staff for a period of time, that jobs will eventually go.

The Government, after all, is looking at a trade sale. ACTEW will be sold to another player in the game, with its own head office, its own corporate staff, its own sales staff. Duplication of staff cuts into profit. It is not part of the private sector's operations. Administrative jobs at ACTEW must and will go. So will trades jobs, as experience elsewhere in the utilities industry tells us. Esso Australia, a major player in the gas supply industry, has taken a leaf from the book of the Chief Minister's Federal colleagues. It has been vigorously downsizing. Research figures reported by Professor Craig Littler, a visiting professor at the Queensland University of Technology, show that across Australia Esso shed more than 50 per cent of its national work force in the last seven years. But the alarming part of the story is that the number of trades staff, the people who undertake the safety and maintenance operations, has fallen 36 per cent in six years. As Professor Littler wrote, "These are large amputations indeed".

After the relentless attack by the Commonwealth Government on Canberra since 1996, how could the ACT afford any more sizeable job losses, or the indirect effects of these losses on community infrastructure on which we all depend? In the course of this debate the Government, in explaining the effect of job cuts, has used a downstream multiplier that puts a grim focus on the Commonwealth's attack on Canberra and that emphasises the potential impact of yet more cuts from the privatised ACTEW. For every ACTEW job lost, we can add another 0.8 per cent of a job lost elsewhere in the ACT economy, possibly in the hundreds of small businesses that currently provide services to ACTEW.

Just as importantly, what impact does the slashing of trades staff have on the provision of reliable, safe and environmentally responsible utility services? There is no regulatory regime in place to guard the provision of electricity, water and sewerage services to the Canberra community. The Government, as we all know, has declined to have the regime in place before it moves today to sell ACTEW. What guarantees, in the face of this experience, does Canberra have that the Auckland or Queensland blackouts, the Sydney water contamination or the Victorian gas crisis will not be replicated here? What guarantee is there that the recent British experience, where the French operated water supplier could not supply sufficient domestic water, despite the absence of drought, will not be replicated in Canberra? The Government's response is that some of these examples occurred not in privately owned utilities but in publicly owned organisations. Mr Speaker, again, the Government misses the point or seeks to make a point from misinformation. The point of concern should be in the employment figures that show that when utilities are privatised jobs go. In privately operated utilities, jobs go in areas responsible for maintenance and supply.

Mr Speaker, the Government has steadfastly maintained that there is one pressing need that forces it to sell ACTEW, the need to find some way of addressing the Territory's unfunded superannuation liability. Labor does not deny the existence of the liability, the impact that it will have on the ACT's financial affairs over years to come or the need to find a solution to the problem. But the experience of observing the operations over the last four years of this Government, and the last 12 months in particular, has taught us to look carefully at positions put so earnestly to the community by the Government through the Chief Minister. This is the Chief Minister, after all, who in her first budget cut \$19m, unannounced, from the Superannuation Provision Trust Account. This is the Chief Minister who argued, in her first budget, that the long-term superannuation liability could be met in the future from real surpluses, yet she has presided over a 1997-98 budget that has seen the operating loss grow as a result of an additional \$61m of expenditure over the previous years.

This is, of course, consistent with the lack of performance of the Chief Minister as Treasurer over the last four years. This is also precisely why Labor argued the need for the Assembly to examine the issue and negotiated the establishment of the superannuation select committee. We have learnt to take with a grain of salt the Government's breathless exhortations to adopt particular positions. And, of course, we have heard today the committee's view of the Government's insistence that the only viable option to address the problem is a one-off solution funded by the Territory's largest asset. The assertion is a palpable nonsense. Not only is the Government's proposed solution a nonsense but it appears, yet again, that the extent of the problem may have been grossly overstated. No less an authority than the Australian Government Actuary has seriously questioned the Government's assessment of the liability.

There is, of course, still a problem that needs to be addressed. Even the Government understood that and in its normal fashion commissioned a consultant to propose a range of solutions. But, again, in its normal fashion, the Government chose one option from the range of options, a one-off short-term gain, a big hit - sell ACTEW. The Government never sought to analyse or assess the other options. I do not need to say more about the efficacy of the range of options. Mr Quinlan's superannuation committee has comprehensively put the sword to the Government's one and only option.

Mr Speaker, in all of the discussion over the proposal to sell ACTEW, most of the focus has been on the corporation's electricity business. The Government also proposes to franchise that side of the business that supplies water and sewerage services. The length of the proposed franchise, 50 years, is unusual. But the truly bizarre aspect is the proposal to sell the distribution system, the pipes. What happens at the end of the franchise when the supply reverts to the ACT? Inevitably the community will have to pay to have the water it owns distributed to the houses and businesses of Canberra.

It defies logic that the Government would propose to sell the very aspects of ACTEW's operations over which it holds a natural monopoly - the power, water and sewerage distribution systems. These systems will not be replicated ever. Canberra will never have two sets of power poles. There will never be two sets of water mains. ACTEW will retain the natural monopoly and will continue to profit from it no matter where the supply is sourced.

The Government, of course, has used the threat of competition as the centrepiece of its desperate attempt to scare the community into accepting its argument. It has chosen to ignore the simple fact that the risk of competition cannot apply to a natural monopoly. The whole of ACTEW will not fold under the weight of competition to which the relatively small retail electricity side of its business is exposed. It simply will not happen.

There is another pertinent aspect to the Government's shabby handling of this issue that demands comment, and that is its arrogant neglect of the views of the Canberra community. If one thing has been evident throughout this public debate, it is that Canberrans do not want ACTEW sold. They do not want their largest asset sold. They are fearful of price hikes, of a decline in service, of the risk of the types of crises in supply that have been evident elsewhere. They want the Government to listen. That, of course, is a bleak hope. And the Chief Minister's response? She told ABC radio on 22 January:

Well, it's always been there, this community opposition, this dislike of privatisation. Nothing new in it. But people have to understand there are tough decisions to be made and this Government will not resile from them.

In other words, "We know what you think, but we do not give a damn. We know what is best. Just leave it to us. Just trust us. We know what is best. Trust us. We are the government". But the community wants to know about the tough decisions ahead. The community does want to know about the necessity to address serious problems. (*Extension of time granted*) The community wants to know about the options available and the reasons for governments leading communities along certain paths. Surely this is the truism of contemporary politics. Surely the Chief Minister is an astute enough politician to have recognised this fact. Yet she went to the last election with the sale of ACTEW off her public agenda. She kept the community in the dark and then - - -

Mr Smyth: No, not true.

MR STANHOPE: She did. The Chief Minister kept this community in the dark about her intentions for ACTEW, and she thumbs her nose at them now. The Government has failed its own test in terms of its willingness to consult, despite its rhetoric about its desire to involve the community in the governance of the Territory. In a similar vein, the Government has been just as arrogant in its approach to winning the support of members of this place and responding to expert criticism. Rather than base its case on credible evidence backed by solid argument, it adopts a chin-out, “you are with us or you are against us” posture, resorting to tactics of cajoling, bludgeoning and berating.

The eminent economists who authored and refereed the Australia Institute report were mere “local economists”. Dr Hamilton told the superannuation inquiry he has never seen figures manipulated so wantonly in his years of watching quality debates. Professor Quiggan, a most respected and eminent academic, said he had never been subject to such extreme attacks on his personal reputation. What was their crime? They had the temerity to disagree with the Chief Minister.

When Mr Osborne announced he could not be convinced by the strength of the Government’s argument and would vote against the sale, Mrs Carnell called him gutless. She said he could not take the hard decisions. Mr Hird used the same language today. This is no way to do business. Serious issues such as this should not be reduced to abuse and invective in this way. It is clearly the Government which has not been able to make the hard decision - to sift the evidence, weigh the options, argue the case with logic and credibility, put the time and effort into issues which are far from simple and which demand calm and deliberate reasoning if they are to be successfully addressed for the long-term good of Canberra and its citizens. No; this Government has instead opted for the easy way out, as is its wont, but this time the arguments are so flimsy and the issue so important that the habits of the past have been exposed and have failed. If one thing has particularly marked the course of the public debate leading to the Assembly’s consideration of this issue, it is this demonstration of the Government’s failed style of operation.

Mr Speaker, this is not a simple issue. The Government is correct to draw attention to the importance of getting the Territory’s financial situation right, but it is wrong in its response on this occasion on two counts - first, in its simplistic grab for a cure-all solution and, second, in the detail of its chosen solution. The proposal to sell the Territory’s largest public asset is not simple. It is a complex issue that demands detailed scrutiny and consideration, but the Government has not shown itself prepared to undertake that close examination. It cannot wait, as it never can. Instead, it has reverted to character - grab a solution and scramble for a justification.

It has largely fallen to the labour movement to subject the Government’s proposal to the scrutiny demanded by the community. It was the Trades and Labour Council and the ALP who formed a privatisation committee to take up the challenge. It was the Trades and Labour Council which commissioned the Australia Institute report that so comprehensively debunked the Government’s shaky financial logic. It was the parliamentary wing of the ALP that proposed the establishment of the superannuation select committee that has now convincingly demonstrated that there is more than one option available as a solution to the Territory’s unfunded superannuation problem.

It is the Government that has tried to brush off the need for serious logical debate and ignored the strength of public opposition. It is the Government which is stuck in the mud of the past, championing a discredited policy of privatisation, and which stands condemned by the entire Canberra community for its blinkered commitment to blind ideology.

MR KAINE (3.42): This whole debate, to the extent that there has been any debate, about the future of ACTEW has been a rather curious one. It seems to have been characterised by a determination of the Government not to engage in debate. There has been very little done to inform the public, for example, on what the issues are in this matter. Indeed, there has been very little done to inform members of this place on the issues involved. I cannot speak for the Opposition; I can speak for myself and I think I can probably speak for other members of the crossbenches, who have tried over recent months to get information from the Government and have met a blank silence.

If the Government was so interested in engaging in debate - and the Chief Minister challenged us to come up with alternatives a little while ago - why did she not respond to a request for information so that we could intelligently engage in that debate? It is not good enough, at this stage when the Government's ploy of trying to get the thing through without public debate is beginning to unravel, to challenge the crossbenchers and the Opposition to come up with their alternatives. There has been no debate. The Government has not wanted to have any debate, and they have made sure, to the best of their ability, that no debate has taken place. I refute the challenge that the Chief Minister issued a few minutes ago that the crossbenchers and the Opposition should come forward with their alternatives. The Government has not wanted to hear any alternatives. I do not believe they would have listened to any alternatives from the Opposition. They certainly did not want to engage in any debate with the crossbenchers to see whether there were any.

During the recent debate on this issue, particularly at the Press Club, a representative of the Australia Institute made a statement which I thought was a pertinent one. He said:

Credibility is a commodity that is difficult to obtain but so easy to lose.

To the extent that the Government has any credibility on this issue, I think they are in danger of losing it. Their argument seems to be based on the proposition that, if it is possible, it is. The Chief Minister referred to the ABN AMRO consultant report a little while ago. She said that those consultants said that the value of ACTEW could reduce by \$500m if we did not do anything - "could", not "will". But in the Chief Minister's argument on this issue that has become "will". She has translated the consultants' comment into not possibility, not even probability, but actuality. If we do nothing, it will lose half a billion dollars in value. I see that through the whole debate, and I will come back to it in connection with another matter before I conclude.

Mr Speaker, my position on this issue has been made quite clear publicly. There are three reasons why I have had reservations about the Government's proposal. The first stems from the fact that there has been an increasing public perception that what the Government was proposing was wrong. I do not believe I am the only person in this place who is bound to have some regard for that. The Chief Minister has said publicly,

“Oh, well, they elect us to make decisions”. Seemingly, the implication of that is that there is no issue upon which we should ask the public what they think. Even the Government itself occasionally contemplates the possibility of a referendum on some issues - for example, what the voting system should look like. When we come to this major issue of the disposal of the biggest public asset that we own, it says, “We, the Government, are going to make a decision and we are not interested in what you, the community, have to say”. The community does not buy that. The community has expressed very strongly a view that they do not want their public asset sold. So it is not good enough for the Chief Minister and the Government merely to shrug it off and say, “They elect us to make decisions and we are going to make the decisions, right or wrong”. There are some issues on which you can do that, and we do it every day in the week and every day in the year; but there are other issues that are more important than that where the opinion of the public does have to carry some weight. I submit this is one.

Another issue that has been dealt with to some degree already is the question of this matter being dealt with to some degree by stealth. Only a year ago we went to an election, and it was not on the agenda. The authority for that is the Chief Minister herself. She said, “The sale of ACTEW is not on the agenda”. Yet mysteriously, within weeks of that election, it became a matter that was very much on the agenda, and here we are today debating whether the Government’s decision and the Government’s course of action are acceptable to the Assembly and to the community or whether they are not.

Despite the Chief Minister shrugging off the view of the public, I submit that had she gone to the election a year ago with this matter on the agenda she might conceivably have had the endorsement of the community to go ahead. But she did not seek it and she did not have it. Therefore, it is a matter for considerable debate here whether or not what the Government wants to do should go ahead. I have accused the Government before of government by stealth. The insurance levy is a classic case. The Government said, “We are not imposing a levy on the taxpayer. We are imposing a levy on the insurance companies, aren’t we?”. Every person who ever takes out an insurance policy of any kind, whether it is on their car, their house, their furniture, is now paying this levy. The Attorney-General says, “We are not putting a tax on people. We are putting a tax on insurance companies”. I said then that it was taxation by stealth and I repeat it. This is of the same ilk, although of an order of much greater magnitude. I have to keep asking: If you are going to do this with insurance levies and you are going to try to do it with selling off the Territory’s major asset, what other little goodies have you got up your sleeve that you are going to pull out next week or the week after or the months after that? What other matters of stealth are you dreaming up that one day you will pull out of the hat and say, “Look, here is another white rabbit.”? It is about time the Government came clean on what their intentions are.

I have said that one of the reasons why I was not happy about discussing this matter today was that I was not sure that all the information was on the table. I have been seeking information from the Government for a long time, without any success at all. That is why I wanted to see the superannuation committee report. I think it was a good one despite the Government’s position. It undermines the Government’s position. Obviously they are not going to find it acceptable on any grounds. I found it informative and I found it useful, and it helps me to make up my mind. But there is still a lot of information that the Government could have put on the table. I remind the Government that it was the

Government itself that brought this debate on today. The Assembly would not normally have met until two weeks from now, but the Government considered this to be so important that it had to be brought forward two weeks, so here we are discussing it. Whether we are fully informed and whether we have had time to digest the superannuation committee's report or whether we have not, the Government insists that we deal with it anyway. The Government cannot have its cake and eat it. It either wants to provide the information so that there can be an informed debate or it does not. I submit that the latter is the case.

The third issue that I have made a point about, Mr Speaker, is the situation of ACTEW's staff. It is quite interesting that just over a year ago ACTEW put out its annual statement of corporate intent, and there is not a single hint of any problem in that. Everything was rosy. ACTEW had a glorious future ahead of it. Less than a year later we are told that ACTEW is in tatters and if it is not sold the fabric of society as we know it is going to fall apart. I want some assurance from the Government as to the future of ACTEW staff. It is very interesting that, had the Government got the endorsement of this place today to sell ACTEW, some very specific clauses were going to go into the contract of sale that would have required the buyer to guarantee employment for 12 months, to pick up all of the associated liabilities that go with that and not implement involuntary redundancies in respect of any employee until a whole series of issues had been dealt with first. But the Chief Minister tells us that if it is not sold, if the status of ACTEW does not change at all, all hell is going to break loose; we are going to see enormous reductions in staff at ACTEW.

On the one hand, they can say to a prospective buyer, "You will under all circumstances guarantee to save the secure future of these people, but if we retain the ownership we will give no such undertaking. In fact, we will do exactly the opposite and say that we are going to get rid of a whole bunch of people". If there can be a contractual obligation on a potential buyer, I submit that the same contractual obligation should apply to the Government itself as a good employer, if you would like to call it that. Of course, the other issue is that there are existing EBAs. I do not believe the Government can unilaterally abrogate those EBAs. There is a certain negotiating process that they have to go through. (*Extension of time granted*)

I have dealt with the three issues that have been of concern to me over some time. I have made my views quite public. There has been no secret about my concerns about those things during the developing debate. One thing I think I am obligated to comment upon is the fact that the Chief Minister in the last few days tabled a letter. She used that to support her contention that ACTEW had to be sold because there were going to be terrible consequences if it was not. The letter happens to be a letter between the chief executive officer of ACTEW and the head of the ACT government service. It is not a letter to a politician.

The Chief Minister saw fit to throw this letter and, in the doing, to throw the chief executive officer of ACTEW and the head of her own department into a political debate about this issue. There are two issues about that. The first is that the Chief Minister seems to have lost sight of the separation of powers and the fact that throwing senior public servants into a political debate is not a good thing to do. Why she did that I cannot imagine. The other issue is that the Chief Minister has relied on this document as saying

that there are going to be terribly dire consequences for ACTEW if it is not sold. I think we need to examine the validity of that. The letter says first of all, "You asked my opinion". This is not fact; it is just the opinion of an individual.

Mr Moore: The chief executive of ACTEW.

MR KAINE: He says it is his opinion, Mr Moore. You can take issue with that if you like. It is only opinion. Then he says:

... my expectation, from discussions with the ACTEW Board -

which I will come to in a minute -

is that the following range of measures would need to be very seriously considered.

None of them are fact; they are all possibilities which the Chief Minister has turned into the reality that I talked about before, definitive fact. The first measure would be:

a further round of cost cutting - at least 10% ... this would require targeted redundancies.

As I pointed out, there are EBAs. You cannot just go out and do that. The second measure would be:

withdrawal from the competitive electricity market.

Would it? Maybe. That is not the only alternative. That is one opinion, that of the chief executive officer. The third measure would be:

a further capital repatriation of say \$300 million.

That is a matter for decision. The fourth would be:

some further outsourcing of maintenance, information technology, personnel services etc - this would be a hot industrial issue.

That is a very interesting comment. But then we get down to the nitty-gritty, the fifth measure:

further rationalisation of property - we would consider selling ACTEW house and closing a number of shop-fronts.

He does not say "we will consider". He says "we would consider". But even if they did consider it and actually sell ACTEW House, would that be a major disaster? I suggest not. The Government has already sold off all its other office accommodation and leased it back, so why can they not do that with ACTEW House? Then Mr Mackay says that the sixth measure would be:

selling a share (eg 60%) of Transact and CRANOS at an appropriate time.

Why not 49 per cent or 40 per cent and retain the majority of government ownership. They are all matters of opinion and conjecture. The final two measures would be:

possibly selling the consulting arm of Ecowise Environmental; and

substantially reducing the sponsorship budget.

I do not even know what the sponsorship budget is. Whether we reduce it substantially or completely may make no difference at all. The point I make is that these are only things that need to be very seriously considered - not things that will happen, not things that must happen. The crucial thing I wanted to come to was the penultimate paragraph. It says:

All of the above would require enthusiastic support from the Board and the Management Team. This “may” be problematic ...

It goes on, but I think we ought to stop there. If the chief executive officer, in an opinion expressed to the head of the ACT government service, not to the Chief Minister and not to this place, is even suggesting that he and his senior management team and the members of his board cannot enthusiastically do what they had been hired and are being paid to do, that is, run a public enterprise - and I have told the Chief Minister this face to face - their resignations should be on the Chief Minister's desk now. There is no place in a public enterprise for the people who were employed to run that public enterprise to be saying to the Chief Minister or to the head of the ACT government service or to anybody else, “If you do not change the ownership structure of this place, we will let the thing run down”. That is essentially what they are saying. They go on and say that it would become a “narrow, insular and unimaginative organisation”. *(Further extension of time granted)* Mr Speaker, I do not understand what was intended to be conveyed there. However, I am absolutely certain that professional senior officers, public officials, would not be saying things of that kind only to find themselves in the middle of a political debate that is going on. The Chief Minister has something to answer for because she dumped two senior officers, not just one, in the middle of a political debate.

I think that the matters that are raised are a serious concern and they cannot simply pass without comment. They simply cannot be allowed to pass without some action on the part of the Government. The bottom line is that the interests of the staff of ACTEW have to be taken care of. It is not enough for the Government simply to shrug it off and say, “We will let the thing deteriorate and we will make sure the staff go”. That is not part of the deal.

The Chief Minister talks about the terrible consequences of public ownership. Where was the management team? Was the manager doing what this management has threatened to do? They simply abdicate from their job. They continue to take the money but not manage the enterprise. Is that why these terrible consequences that the Chief Minister talks about in publicly managed enterprises occur? Is that the basis of it? I am not sure.

Mr Speaker, in conclusion, I acknowledge the Chief Minister's concerns about the way this debate is going, because it leaves her in a difficult situation. She has pinned all of her hopes on flogging off ACTEW to fix the other major problem that she has, which is a budgetary one. But I have to say, Mr Speaker, that the job of a Treasurer is not to deal with the world as he or she would like it to be. Her job is to deal with the world as it really is. If it is the decision of this place that ACTEW will not be sold, then the Treasurer's job is to deal with the real world, not some fanciful world. I hear those opposite bandying around words such as "never-never", "fantasy world" and the like.

The fact is that the Chief Minister and Treasurer has to face up to the real world. That is why the members of this Government are paid a good deal of money to bring their skills and their energies to bear on these issues. It is not good enough to challenge the Opposition and the members of the crossbenches to come up with solutions. That is what members of the Government are paid for. That is what they are elected for. That is why they love the position of office. It gives them a certain status, but it also carries some responsibility. I submit that the Chief Minister, after the vote is taken today, has to stand up and be counted as a real Treasurer and not a cardboard cut-out of one.

MR SMYTH (Minister for Urban Services) (4.00): Mr Kaine's most important statement was in his last paragraph when he said, "It is about time that we all lived in the real world". What many in this place fail to acknowledge is that in the last 12 months, with the advent of the national electricity market, the real world has changed, yet there are those in this place who would like to live in a century of gentler times when decisions did not have to be made or could be made in a much easier manner without any regard to the future. The future for Australia is rapidly changing. In this day and age change occurs in a much shorter length of time. That is what we are confronted with in considering the position of ACTEW.

Over the past month, the Assembly has had an opportunity to investigate in detail the reasons behind the Government's decision to seek the sale of the ACTEW Corporation. I do not believe that any member of this place can honestly claim not to be fully aware of the implications of a vote against the sale. Yet it still seems that there remain members that are wary of taking unpopular decisions in the long-term best interests of the Territory or just have ideological blinkers that prevent them from facing the facts. Unfortunately, doing something popular does not always mean that you are doing the right thing. Despite all the complicated arguments that have been presented, it is really very simple: ACTEW is no longer sustainable in its current form.

Mr Stanhope gave us a wonderful speech but, for all the words that were in Mr Stanhope's speech, we still do not know how Labor would fund the superannuation liability, the ACT's debt or the operating deficit that we have. Mr Stanhope said that Labor stood for many things. That might be true. What it does not stand for is creating a Canberra that is socially sustainable, environmentally sustainable or economically sustainable, because Labor is willing to put at risk the largest asset that the ACT has. Labor is incapable of offering any solutions. Mr Stanhope raises the previous election. He talks about what was said in the lead-up to the election. The Chief Minister made it very clear that we had reports coming and that what we would do is protect the value of the asset that is ACTEW.

Mr Berry: Weasel words.

MR SMYTH: Mr Berry says “weasel words”. They are the words that we put at the last election: We would protect the asset that ACTEW is. In the lead-up to the last election we made that promise several times. The issue of ACTEW was discussed in the lead-up to the last election. Clearly, the best way now to protect the value of that asset is to sell it.

Mr Speaker, this morning I heard a member of this place talk about bravery and courage, and I heard a definition of courage that I have not heard before. The essence of that definition was that major issues should be part of an election platform. By implication, by not spelling out a set view on important issues prior to the election we had somehow lacked courage.

Mr Speaker, in my view this debate on ACTEW is one of the two most important debates currently or recently before the Assembly. In that other debate, Mr Speaker, members approached with a great degree of gravity and solemnity the issue of abortion. I do not think that I am overstating the matter when I say that every one of us had to think long and hard about how we approached that issue. Mr Speaker, I voted in favour of those amendments. However, before the last election there was no indication from the sponsoring member that that Bill would be introduced; indeed, that it would be introduced so soon after the election. I do not remember that Bill being part of that member’s election platform either.

Mr Speaker, the environment in which ACTEW operates has changed; therefore, ACTEW must change. It has to change. That change cannot be avoided. We have already seen the nature of change over the last few years, such as the privatisation of Telstra and the opening of the telecommunications market to firms like Optus. All those loyal Telstra customers took the best deal they could get and jumped ship as fast as they could. They jumped back when Telstra made better offers and they jumped out again. Some of them have a foot in both camps now. That is what will happen with ACTEW. It can now, but when the full market occurs and we will be able to shop around for all electrical services the value of ACTEW will suffer.

A vote against the transfer Bill today will not mean that ACTEW can go back to business as usual; in fact, quite the contrary. A no vote today will force ACTEW to make some of the most painful decisions that it will have to make. But what will be gone is the opportunity for this Government to honour our election promise to protect the value of the asset that is ACTEW. What will happen to ACTEW as one of Canberra’s favourite companies is that many of the opportunities for it to grow, to prosper and to continue to be innovative will disappear. Mr Speaker, if ACTEW is to continue to return reasonable dividends to the Government or, in other words, if the value of the asset is to be maintained, a number of difficult and risky decisions would therefore need to be taken. This is not because ACTEW is not good at it. It is just that there will be a loss of customers in the ACT.

I think all of us here would be aware of what has happened to the newsagencies in this Territory. Canberra had a significant number of newsagencies, all had a set territory, and all had a guaranteed market in which they were the only newsagents allowed to operate.

Because of that they had security and because of that, whether you were a good newsagent or a bad newsagent, you survived. The entry of Canberra Times Direct into that market has changed the way newsagents operate in this Territory forever. There is no going back. It is not whether you are a good newsagent or a bad newsagent; it is just that there is competition and there is a different player in the game that changes the market substantially.

No matter how good the local newsagent was, many people voted with their pockets when rung by a competitor and offered 10 weeks of *Canberra Times* for two bucks. Times are tough, things are tight and people look after their own. But it was not because the newsagents were bad; it was because the market had changed. What we saw was a competitor with far more muscle and the individual small business man or woman was unable to compete. Was it unfair? Who knows! Perhaps it should have gone to the Trade Practices Commission; I do not know. But what it did was change forever and slash from the value of a lot of tremendous small businesses in the ACT hard-earned asset value that they had accumulated inside their businesses.

The same applies to ACTEW. ACTEW is a small player in the market. It is a market that for a long time has been very secure and its practices are good. It is a good company. It is now unable to compete in the same market. That market has gone, and because it has gone we must take a critical look at what will go on here. If people have doubts about that, they should move here to adjourn the debate. If they still have doubts, they should adjourn it. After the report this morning which was supposed to give this Assembly options so that we did not have to sell ACTEW, a report which is nothing but a fairy floss document, perhaps we should adjourn the debate. Who knows! But what we have is a new electricity market, which means that no matter what ACTEW does it is unlikely that it will retain 100 per cent of the electricity market and it will continue to lose market share, as we have already seen.

We have already heard the list of those businesses. Yes, it has picked up some across the border, but it has lost more inside the ACT. It does not bode well for the future when you get some very large groups coming into the ACT hawking their wares. Mr Speaker, ACTEW does not have the economies of scale - it is not that ACTEW is good or bad; ACTEW is a good company - that would allow it to spot-purchase on the national electricity market and offer the sorts of deals that its competitors will be able to offer. That is economic reality. It is not the economics of optimism; it is the truth. We buy at a set rate because, like anything, if you buy so much you get a bigger discount. We do not buy at such a big rate.

Mr Speaker, if the government shareholders and ACTEW management are to have any hope of producing a decent dividend for Canberra taxpayers, ACTEW will have to learn to cut its costs elsewhere. It will have to become some sort of lean, mean corporate fighting machine, and that means one thing: It means restructuring and changes to the way it delivers its services. Some benchmarking already done says that ACTEW has electricity costs 40 to 50 per cent higher than the Australian average. How will they compete in the national electricity market? Water utilities and electricity distributors interstate have already targeted minimum cost reductions of some 25 per cent by the year 2000. How will we compete?

Mr Berry: They cannot be worth much if they are going to be so bad.

Mr Stanhope: Who is going to pay a billion dollars for that?

MR SMYTH: No, you are not listening. It is not whether we are good or bad; it is that we play a different game in a different market. If you want to put your head in the sand, that is fine; but what you are about to do is to fritter away the greatest asset that the people of the ACT have. (*Extension of time granted*)

Mr Stanhope says that our option ensures job losses. There may be job losses if ACTEW is sold. Their option confirms that there will be job losses, probably far greater than anything that would happen under us. Mr Speaker, in a very good market, ACTEW may retain 70 per cent of the contestable market. A bad performance may see it drop below 50 per cent. We would still have the same overheads but not produce the same dividend.

Mr Speaker, the only option recommended in this very flimsy report that we were given this morning is that we should take \$300m from ACTEW. I wonder whether those opposite have actually done the sums on this. If we force ACTEW to repatriate \$300m, that means that they would have to borrow \$300m. What does that mean? If the \$300m were borrowed at 5 per cent, ACTEW would have to find some \$15m in interest. At 6 per cent it goes up to \$18m. What if we got back to the glory days of ALP interest rates and it jumped to 18 per cent? Imagine having to pay the interest on \$300m at 18 per cent, \$54m worth of interest a year. There goes the ACTEW dividend. What about repaying the capital costs? Where will Labor get the \$300m to pay back the capital costs? While they are getting that money, thinking about it, looking for it or finding it in the fairy floss, imagine the effect that would have on our credit rating, which would increase the costs of our loan. We are about to get into a vicious circle here, a circle into which Labor would condemn all the people of the ACT.

Where does the money come from to pay the interest? Again, you cut the operating costs or, in blunt terms, the jobs. You raise taxes or it comes out of the dividend. It is quite simple. So, what we have now is a dividend that the economic gurus of the ALP have actually managed to spend three times. It is already in our budget, Mr Speaker. Labor would use it to fund the superannuation and now they will need it to pay the debt on the loans that they have just incurred. While this death of a thousand cuts is going on, the value will be whittled away because ACTEW does not have the ability to compete in the new market.

Mr Speaker, there is no guarantee of success. Any losses would be passed on to the ACT Government and they would pass it on to the ACT taxpayers as owners of that business. ACTEW's shrinking customer base would leave little room for cross-subsidisation for any risk diversification and may force the customers of water and sewerage services to accept higher prices. In that kind of environment, the Government would have to look very seriously at withdrawing completely from the retail electricity market. If there is no money in it, why would we be doing it and incurring more loss for the people of the ACT? The financial structure of the company would have to be seriously examined. There would be inevitably some level of capital repatriation and, of course, the interest payments to service the loan would have an immediate effect on the dividend.

Where would this leave ACTEW? It would be possibly forced out of retail business and, without the capital to grow and innovate, ACTEW would become little more than a toll collector. It would be a sad future, I think, for one of Canberra's largest and most exciting companies. Mr Speaker, that outcome is not the Government's preferred future for ACTEW, but that is the future that is being imposed by a no vote against this sale. On the other hand, a vote for the transfer Bill would offer a different future. It would enable ACTEW to become part of a larger, more diverse and competitive organisation with the potential for a wider customer base and access to a greater investment future. It would also offer the best prospect of maintaining employment levels in the ACT. Perhaps valuation is the issue in this debate. If valuation is the issue, why not adjourn it and go to the market and see. If the Labor Party is serious, let us put it to the market and have the market decide the valuation. I am not aware that the Australia Institute ever did a valuation of ACTEW for retention or sale. Has the Australia Institute ever valued a business for sale? I think not. Why do we not get a third valuation from an organisation that has been involved in the sale of a business worth something like \$1 billion or more? Why not adjourn it and get that valuation and see what happens then? I do not think we will. I do not think we will hear that from the Labor Party.

Mr Speaker, members have had plenty of time and information to make their decisions today, so I can only assume that they all know what they are doing and are prepared to bear the consequences. (*Further extension of time granted*) It is worth reading the last paragraph of the *Canberra Times* editorial this morning:

With the sale of ACTEW now almost certainly doomed, Mrs Carnell won't be much mollified by the thought that, several years from now, once full contestability has arrived, she will have the bitter pleasure of intoning "I told you so". How many Canberrans, on that future day, when they have the choice of sticking with ACTEW or selecting an alternative, possibly cheaper, provider, will recall how fiercely they once insisted that "our" electricity company remain ours.

MR CORBELL (4.17): If the Government is relying on quotes from the *Canberra Times*, they have got pretty slim pickings. After you read the Letters to the Editor page, Mr Speaker, you get a pretty clear view of the view of the people of Canberra.

Mr Speaker, the decision this Assembly takes today will have a profound and far-reaching impact on this Territory for many years to come. There is no doubt about that from this side of the chamber or the other. However, the judgment that we as members must make today is whether to accept the view that the role of government is a shrinking one, that the financial bottom line is the only narrow consideration we must have in mind when we vote on the sale of ACTEW, and that there is only one way to run an economy and address the issues that the Territory faces, as the Government would like to have us believe.

Mr Speaker, when I was first elected to this place, I argued in my first speech that I did not accept that there was only one way to govern a Territory such as Canberra. I argued that it was, effectively, wrong to suggest that there was only one way to view and respond to the issues of competition and economic rationalism. I argued instead that

stronger emphasis should be placed on the role of the citizen and not just the consumer, that a stronger emphasis should be placed by decision-makers like us on the principal defence of the public interest and the common good and not solely on our individual material worth and how much we can afford to buy or sell in the wider marketplace.

Mr Speaker, that, I believe, is the central contest between those members opposed to the sale of ACTEW and those supporting the sale. When it is all said and done, the choice we make today is between accepting a narrow, unimaginative and selfish view of the world based on whether or not we as consumers will benefit from selling ACTEW and a wider view which says that the role of a publicly owned asset such as ACTEW is to provide a service, an essential service, to everyone equally regardless of their worth as consumers. The Government views ACTEW as an asset with only a dollar value. If that is all it is, then they probably have a good reason to sell it; but that is not all it is.

ACTEW is the provider of an essential service. It is the manager of valuable built and natural assets and it performs all these functions for us, for all of us. The majority of its operations are monopoly operations; no-one else does them. So, it is no surprise to me as an elected representative, and it is no surprise to us as members of the Labor Party, when a majority of the Canberra community say that they are opposed to the sale of ACTEW. It is not a surprise when over 10,000 people sign a petition opposing the sale, when hundreds of people attend a rally, or go to shopping centre stalls and complain against the sale. It is no surprise to me when still hundreds more express their views directly to members of this place and through the media, saying, "Don't sell it". Above all, what these people are saying is: "Stop this".

ACTEW is an asset with more than a monetary value. The role it performs is so crucial to the continuing functioning of our community that we should have control over how it operates and what it does. Clearly, the people of Canberra have been attempting to voice this view to us during the debate. In doing so, Mr Deputy Speaker, they have sent another even more important message; that is, they have asked us to understand that they do not accept the Government's view that there is only one way, Kate Carnell's way, to address the Territory's economic problems, that there is only one way to run an economy or manage our city.

It suits the Government's purposes to put that view, to say, "This is the only way to do it. If you do not agree with us, you are wrong and you are fools". Clearly, the community knows better than that and the community wants more than that. They want alternatives that protect their interests, the public interest, the common good. They also want alternatives that address the issues we face with the Territory's budget. That is why it is not those members opposing the sale here today who are gutless, as the Chief Minister has so crudely said. Instead, it is those on the government benches who are gutless, who believe theirs is the only way - the only way to respond to competition policy, the only way to address the issues of the Territory's superannuation liability. Their solution is simplistic, narrow and selfish: Sell, sell it now, sell it quickly, no debate, no discussion.

Mr Deputy Speaker, those who have taken the harder challenge are those members who have decided today that the view put by the Government could be wrong. Those of us who have taken the harder challenge are those members who have said, "Let's question that approach. Let's test it, see if it stacks up, see if it achieves the outcomes that our

community wants". That is what the superannuation committee has done and that is what the Labor Party and its supporters have done in arguing for an alternative view. Those on the Government side who support the sale by saying that there is only one way are the ones who are letting down the Canberra community, because they have not responded to the concerns of the community and they have not understood that people want more than debates about our financial position and efficiencies in addressing the real problems that our city faces.

People want more than that. They want imagination and they want something that addresses their values as well as the financial bottom line. They want recognition of the less tangible aspects of this debate, but they are equally important - aspects like the common good, the public interest, fairness. They want those issues restored to the debate, and that is the challenge we face with this motion on ACTEW today. Those are the reasons why people are opposed to the sale of ACTEW and why we, as members, should be prepared to challenge, question and propose alternatives that meet the goals of people as well as the balance sheet.

Mr Deputy Speaker, in closing, I ask members to think forward and imagine what the citizens of Canberra will face if ACTEW is sold compared to ACTEW being kept as a valuable and efficient publicly owned asset. If ACTEW is sold, potentially what do we face? The Australia Institute has estimated that nearly 1,000 jobs will be gone in ACTEW and in the private sector businesses that supply ACTEW with goods and services. The loss of the headquarters of the company is almost inevitable, going interstate or even overseas. No matter what promises or conditions the Chief Minister talks about, she knows as well as we do that you cannot control a private company for more than maybe a year, no matter what conditions you put in the contracts. Do we seriously believe that a large international or national power supplier is going to locate here from Sydney or Melbourne once ACTEW is sold? It is an absurd proposition.

If ACTEW is sold, we will see a lowering of standards and reliability of supply in water and electricity. ACTEW currently has the highest standards in Australia for the supply of electricity and water. A sale would mean a reducing of those standards to the Australian average level, which, of course, is lower than our own. This will happen because the Government has argued that ACTEW must meet the level of efficiencies achieved by other utility operators and these can only be achieved by a subsequent reduction in maintenance and operations servicing.

Our water system is another fear that people must have if ACTEW is sold. If ACTEW is sold, we will have a water system where the dams and the treatment plants are owned by us, but not the pipes that the water and sewage travel in to get to and from our homes. How can we guarantee the safety of our supply when we cannot control the network they travel through to reach us? The irreplaceable loss of the extensive and unique technical and engineering knowledge about the operations of our electricity and sewerage systems will also occur if we sell. How will we know whether a privatised ACTEW is meeting standards of quality and supply when the data we use to measure that is lost from the public sphere? (*Extension of time granted*) Finally, how will we explain in the future why we sold ACTEW, why we face all of the problems I have just outlined and, at the same time, why we have forgone the opportunity for revenue from ACTEW which could have been used to address our city's problems?

Mr Deputy Speaker, the alternative is clear. The alternative is to keep ACTEW; ensure that job losses are kept to the absolute minimum; ensure that our local economy is protected by keeping ACTEW and its business local; ensure high standards of supply are maintained; keep control over the very important and significant water and sewerage network; retain that unique and important engineering and technical knowledge for the benefit of all in our community; and retain the asset of ACTEW itself and the dividend that it returns to the Territory.

Mr Deputy Speaker, we face a crucial choice. The aspirations of the people of Canberra, through their overwhelming opposition to the sale, are clear: Keep ACTEW for all of us; protect the public interest; recognise that we have common interests as citizens, not just as consumers; and recognise that there is more than one way to address the vital issues that our city faces.

MS TUCKER (4.29): The debate over ACTEW that we have had to endure over the last few months has really exposed the worst side of this Government. It has tried to rush a decision through the Assembly against public opinion and without full examination of all the issues. Firstly, the Government put up the proposal to sell ACTEW, a decision affecting \$1 billion of the ACT people's assets, without raising this proposal as part of its platform at the last ACT election only a year ago. The ACT community had no idea that this proposal was coming. The Government therefore has no public mandate to pursue the sale of ACTEW. In fact, opinion polling has, as other members have said, consistently shown that a majority of the community is opposed to the sale of ACTEW.

Secondly, the Government based its proposal on a very limited consultant's study of the financial value of ACTEW, without addressing broader implications for the ACT community. The terms of reference for the ABN AMRO study were focused particularly on examining options for ACTEW with a view to maximising the short-term financial returns to the Government while minimising commercial risk. The broader public interest questions, such as the overall net benefit to the community of a sale, were dealt with very poorly in the consultant's report.

I noted that the Chief Minister quoted again today the Auditor-General's report. I remind members that in that report there was a paragraph entitled "Other considerations" and in that paragraph, from memory, the Auditor-General said that there were other considerations, environmental and social. (*Quorum formed*) I was speaking of the Auditor-General's report and the fact that there was only one paragraph in it that referred to the broader public interest issues that have been raised by members of the Labor Party. It was assumed by the Auditor-General that these broader public interest concerns would be looked at. The point is that they have not.

The Government attempted to force through a vote on the sale proposal in only two months. They announced their intention to sell ACTEW in October and wanted the Assembly to make the decision in December. Many lesser pieces of legislation take longer than that to get through the Assembly. The Government refused to support my proposal for a select committee to inquire into the social, environmental and economic

impacts of the proposed privatisation of ACTEW - all those things that the consultant's report had left out and that the Auditor-General referred to, obviously assuming that someone would have done that work.

The Government also wanted to push through the sale decision before the Assembly could consider the regulatory framework that would apply to a privatised electricity and water sector, which meant that the Assembly had no way of knowing whether the regulatory framework would be sufficient to control the operations of a privatised ACTEW. The Government resisted all attempts for an independent assessment of its sale proposal and severely criticised anybody who tried. The Government kept pushing the line that it had worked through all the issues relating to ACTEW's operation and the state of the ACT's finances and had come up with what it thought was the only answer - that the privatisation of ACTEW was essential. Anybody with alternative views was quickly dismissed as being wrong or having ulterior and ideological motives.

The Government also raised the spectre of the ACT's unfunded superannuation liability and said that the only way of funding this liability was to sell ACTEW. Again, it wanted the Assembly to take on faith its calculation on the size of the debt and its claim that there was only one way of funding the liability. I am very thankful that at least we were able to get a select committee to look into the unfunded superannuation liability issue, which gave the Assembly a bit more breathing space to examine critically what the Government was asking us to believe about why ACTEW should be sold. I am also very thankful that the Trades and Labour Council commissioned the Australia Institute to examine the Government's privatisation proposal. I certainly believe, as I have said already today, that it has thrown sufficient doubt on the Government's arguments for the Assembly to question whether the sale of ACTEW was really in the best interests of the ACT. On the other side of the equation, the select committee report into the superannuation liability - again, done in a rush and unable to do a full assessment of all the options - was able to throw sufficient doubt on both the size of the liability and the Government's line that selling ACTEW was the only option for dealing with the liability.

I find it amazing that the Government until now has been so arrogant in dismissing any calls for more examination of this proposal, yet when it looked like it would lose the vote it attempted only last Friday to offer the sweetener to the crossbench that it would commission a further study into the regional economic impacts of the ACTEW sale, something it should have done right at the start. I doubt whether further studies would be able to beef up the Government's arguments, because they are so fatally flawed.

What are the problems with the Government's proposal to sell ACTEW? The Government's argument for selling ACTEW has been quite misleading in that it has not separated the issues relating to the supply of water and electricity. The Government has consistently argued that ACTEW is under increasing competitive pressure from interstate utilities, but that is only for a small proportion of its business. Whilst there is an emerging electricity market in eastern Australia where the price is a driving factor and where ACTEW is competing directly with other electricity suppliers, water provision in the ACT is an environmentally sensitive natural monopoly requiring long-term planning in relation to cycles in weather patterns, conservation of the limited water resources in the region and strict adherence to water quality standards.

Water supply is not a competitive market trading in some human-produced commodity and is not at all compatible with privatisation. Similarly, the provision of sewerage services can only ever be a natural monopoly and is subject to significant public health concerns. Even on the electricity side of the business, the transmission system will always be a natural monopoly. The water, sewerage and electricity network businesses of ACTEW are already price regulated because of their monopoly nature. While they may not make spectacular financial returns, they will return a steady profit in perpetuity.

In relation to the electricity retail side of ACTEW, I am disappointed that the Government did not suggest any other options for lessening the risk ACTEW faces from the new competitive electricity market, apart from selling off the whole of ACTEW. Such options could include a strategic alliance or merger with another electricity utility, withdrawal from the most contested parts of the electricity market, or specialisation in particular niche markets, which the Greens have promoted since we were first elected to the Assembly, particularly promoting ACTEW as an energy service rather than just a supplier.

The sense of urgency that the Government has been trying to inject into this proposal is also doubtful. Again, the only area where ACTEW is in a competitive market is on the electricity retail side. There is no sense of urgency to sell on the water and sewerage side of ACTEW. Even on the electricity side there is still considerable doubt about whether the other government utilities that are connected through the electricity grid will be sold. Apart from Victoria, the New South Wales situation is still very unclear because of its election; the South Australian Government's proposal to sell ETSA has stalled in its parliament.

The Government's proposal to franchise the operation of the water supply and sewerage systems is really a charade. A 50-year franchise is so long term that it would have the same effect as a sell-off. The proposal to franchise the water supply and sewerage system but sell the pipes joining them also makes a mockery of the franchise proposal.

The Greens see no justification for transferring a public monopoly to a private monopoly, with all the loss of government control and the shift of corporate objectives from providing a public service to making a profit that this entails. I think it is significant that no other State in Australia has proposed the sell-off of its water supply and sewerage services to the extent that this Government has. This is one area where I believe that the ACT should not be leading the way because of all the problems that could arise. There is also no guarantee that ACTEW's services - particularly the majority part of ACTEW, which is a natural monopoly - will be run more efficiently under private control. The efficiency of an enterprise is related more to its management and the context in which it operates and not necessarily its ownership. ACTEW is already under cost pressures from running as a business corporation and the transfer of its ownership is not going to change that situation.

The problems in Adelaide with the breakdown of its sewerage treatment works and the problems in Sydney with the cryptosporidium scare in the water supply arose from the mere contracting out of parts of their monopoly services to private operators. (*Extension of time granted*) What worse could happen here if we go one step further and sell the lot?

The Government has said that these breakdowns were the result of poor regulation rather than ownership, but can we be sure that a regulatory framework will be good enough to avoid the same sorts of problems?

The breakdowns in Sydney's water treatment system demonstrate that there are some inherent problems with privatisation that are difficult to resolve with regulation. A key problem is the significant reduction in public scrutiny that is allowed once a government body is privatised because of the veil of commercial-in-confidence that a private company is able to invoke. In the Sydney water case, all details of the contract with the private water treatment company were declared commercial-in-confidence and the person undertaking the inquiry into Sydney water, Peter McClellan, had to be granted the powers of a royal commissioner by the New South Wales Premier in order to obtain this information.

Another major problem is that service provision by a private operator is reduced to whatever is the exact wording in the contract and no more. Rather than resolving problems internally between Ministers, government departments and authorities, in a privatised environment disputes can end up becoming legal battles between government and a private operator. In the case of the breakdown of the sewerage treatment works in Adelaide, I understand that part of the problem was that the private company was responsible only for maintenance of the treatment system and not for the replacement or upgrading of equipment, which then led to confusion over which body was responsible for repairing breakdowns, and ultimately the Government had to pay the costs of remediating the system.

While a regulatory framework for electricity and water services will always be necessary, I do not believe that we can rely on it as a panacea for addressing all the problems that can arise from privatisation. Even if ACTEW is not sold, I think that the work should and must continue on the regulatory framework. I would ask the Chief Minister or a member of her Government to give a commitment to the Assembly today to maintain the regulatory reform task force so that it can continue its work of reviewing current regulations and, in consultation with the community, develop a new regulatory framework that addresses issues such as consumer protection, complaints mechanisms, public health and safety, water quality, environmental safeguards, price determinations and community service obligations.

I have seen a letter today from the Chief Minister giving a commitment to maintain the employment of ABN AMRO in this regulatory task force, but I am not quite sure what was actually being said in the letter. We want to see the task force kept in its present form. We want to see much more public, open process in terms of its membership and how it is operating. I believe that it is also important that such a task force remain in place to develop a body of expertise to manage regulation in the ACT Public Service. I hope to get confirmation from the Chief Minister at the close of debate today that, in fact, that is what she is committing to, because it is not clear from the letter that was sent to us today.

One of the motivations behind the ACTEW sale has been liquidising the assets of ACTEW before they lose value and before the Government is exposed to any more risk. I have already commented that I do not believe that ACTEW is subject to major

competition and thus to a major decrease in value. The figures in the ABN AMRO report on the valuation of ACTEW have been shown to be not as exact as the Government has been making out, because it all seems to depend on which valuation method and discount rate is used. We spoke at length about that this morning and, obviously, covered it at length in our report. The Government also misleadingly chose to use the highest ABN AMRO valuation of ACTEW if sold and the lowest valuation of ACTEW if kept in public hands, which distorted the potential loss to the ACT if ACTEW were not sold.

I also question the Government's assessment of the risks, given that water and sewerage systems and, to a lesser extent, electricity are essential services. The Government will always be subject to the risk of having to fix up any problems if the private operator fails to fulfil its obligations or goes out of business. I also question whether there is less risk in investing the proceeds of the sale of ACTEW in volatile investment markets than in keeping that money invested in solid infrastructure.

In conclusion, I do not think that the Government has presented sufficiently strong arguments to justify the sale of ACTEW. It was interesting to hear the Chief Minister in her speech talk about the various places where there have been problems and how these problems have nothing to do with privatisation because the utilities are publicly owned. What the Chief Minister failed to acknowledge and what is clear is that most or all of those utilities have been corporatised and are obliged to work as a business and that if they do not do it well they are under the threat of sale. That is exactly what has happened in the ACT. *(Further extension of time granted)*

There has been a decline in the effort put in towards maintenance in the ACT by ACTEW since it has been corporatised. There are many of us in this Assembly and in the community who are concerned about forcing government owned utilities to act in a businesslike way, but it has to be acknowledged that that is the environment in which publicly our utilities are working in Australia now. The Chief Minister's claims were quite spurious.

The Greens believe that it is a matter of how broad and long term is the view taken when the costs and benefits of proposals such as the sale of ACTEW are estimated. The view of the Government is dangerously narrow, the economic outcomes always being given priority. The principles of the market are being imposed on government businesses. The principles of the market, according to the Liberals and their supporters, are always going to deliver good outcomes to the ACT community. We do not share that view. The Greens give equal emphasis to the social and environmental implications and we are far from convinced that the sale of essential services to the profit-motivated private sector is in the long-term community interest.

MR MOORE (Minister for Health and Community Care) (4.46): Mr Deputy Speaker, no-one wants to sell ACTEW. Nobody in his right mind would want to go out to the community and say, "Hey, what I want to do is to sell ACTEW". I must admit, Mr Deputy Speaker, that it is something that I was incredibly reluctant to give the time of day to when I first heard it spoken about, as was almost every other member of this Assembly and the previous Assembly, well over a year ago - more like 18 months ago.

As I heard the speeches from Mr Corbell, Ms Tucker and Mr Stanhope, I thought to myself that I could easily put all the arguments against selling ACTEW. They are not difficult to put. Not only are they easy to put but also, I must say, they have been put quite fluently today.

What changed the issue for this Assembly and for the previous Assembly was that we changed our accounting system to the system of accrual accounting. What did that do for us? We already knew that there was a superannuation liability. Remember, Mr Kaine's Priorities Review Board - I think that is what it was called - had identified that we did have a superannuation liability and it was something that we should address. In fact, if you look back through the budget figures you will see that Mr Kaine's Alliance Government was the only government that made a genuine attempt to address that issue.

But what the accrual accounting system did and what we knew it would do when we advocated the system was that it allowed us to quantify the issue of the superannuation liability and we could see just how serious the situation would be. It also raised the question for us: How did we get to this stage in just 10 short years with such an extreme liability? I digress, Mr Deputy Speaker, to talk about the level of the liability as dealt with in the report today. I asked the head of the Office of Financial Management to explain for us why it was that they had taken the conservative view of the estimate from the Actuary, and this is the reply that I got in writing:

There is not a range of earning rates provided by the Actuary to the ACT Government for calculation of the superannuation liability.

There is not a range provided. I think there is a broad misunderstanding in the community. I think that generally there is an understanding from the way this issue has been dealt with that there is a range. There is not a range provided. The Actuary provides a single set of parameters, including a single earnings rate. This is the rate used by the ACT Government. The Government therefore has not withheld any information from anyone. In June the Actuary will provide a single earnings rate. The liability can be adjusted only at that point. The issue of conservatism versus optimism is therefore a little irrelevant. However, when the Actuary chooses his range of earning rates, he will pick - not surprisingly; he is an actuary - a conservative estimate, as is prudent and as is always done by actuaries. As an aside, I think that does highlight the issue.

The issue is an interesting one in that many people have said to us that we ought not to confuse the debate on ACTEW with the debate on the superannuation liability; they are completely separate. I challenge that. I think it is a major furphy.

Mr Berry: Oh!

MR MOORE: I will explain why. For you, Wayne, I will explain it slowly. The only reason people are looking around for a major source of funds is that we have a major debt. Wayne Berry started as a Minister in the First Assembly under the Follett Government. We have a major liability that we have to deal with. That is why the two are connected. How do you resolve that major liability? I will answer the question. The first thing that becomes obvious, the first solution that is available, is by the sale of a major asset.

Are any other solutions available? We should look and we will have to look at whether any other solutions are available because it is very clear that ACTEW is not going to be sold. What are the other solutions? I have to say that Mr Quinlan's committee has not identified any viable solution other than to borrow, put off and allow our children to deal with the issue in due time, the sort of solution that was identified by Labor governments in South Australia and Victoria, which left the decisions to later generations. I think that is something that we ought not to do.

That was the choice for those of us who were not interested in selling ACTEW but who did have a financially conservative view. I think I have always had a relatively conservative view financially; in other words, I think it is just being responsible that we make sure that we are not spending more than we earn, that we actually meet our responsibilities. If that is a financially conservative view, it is one - Mr Kaine will agree - that I have spouted from the time I was first in this Assembly. In fact, 12 months ago to the day I issued a press release in the context of an election and challenged the leaders of the Labor, Liberal and Greens parties and Independent Paul Osborne to a debate on the ACT's continuing operating loss. I said:

How candidates respond to the deficit is one of the most basic and important issues in this campaign. No member of the Assembly can avoid their direct and collective responsibilities for our public finances. Those candidates with pretensions to form government must persuade voters and other MLAs that they have a satisfactory program.

Mr Deputy Speaker, I put out that challenge and we went into that debate at a time when I least expected to be sitting on these benches, but when I thought that financial responsibility was a particularly important issue for us to deal with, and we now have to face some hard issues. One issue is our superannuation liability. That is one we all agree with. I have heard Mr Quinlan say quite regularly that we do have to deal with our superannuation liability. Mr Osborne has raised it. I have certainly raised it. I believe it is something that we have to deal with. How are we going to do it? The Government has put up one proposal which is about to be knocked off. That is a matter of choice. Throughout his speech, we did not hear Mr Stanhope offer any other alternative. The alternative put up by Mr Quinlan would create a \$40m hole in our very next budget. So, it is something that we really have to look at much more carefully, and that is a real challenge for a government. It is not a challenge on which we should spit the dummy, nor has anybody spat the dummy. We have said what has to be done, and I will come back to that.

I draw attention to the fact that a number of people have made great mileage out of this issue not being dealt with in the election campaign. Certainly, I attempted to deal with financial issues in the election campaign, and did so regularly. Certainly, there had been talks. I had discussions with members of the Labor Party, both those who are here and those who are not here at the moment, and I had talks with members of the Liberal Party about that option being out there. But why would you raise that option when there was likely to be significant misrepresentation, as indeed there was over the last few months on a number of issues, and, secondly, when you are not yet ready and you do not even know if that is going to be one of the solutions?

What we know is that there was a significant superannuation liability, that it was something that we had to deal with and that we would all prefer to find a different solution if we could. So far, nobody has come up with a viable solution that does not have a major impact on our budget; so it is about choices. I think Mr Osborne, for his part, has a particular responsibility to come up with an alternative. The reason I think Mr Osborne has a particular responsibility to come up with an alternative is that he has tabled in this Assembly the Financial Management (Amendment) Bill, which says basically that you cannot ever spend more than you are earning.

That is fine, Mr Osborne. If you really want that sort of legislation on the table, provide a solution for us that is an alternative. He, in particular, having done that and having run this issue through the election period, has that responsibility. It is not for him just to sit on the crossbench, having taken those actions, and say, "Sorry, you are not going to do this, you are not going to do that, you are not going to do the other". He has to come up with something in a positive way, if he is capable of doing it. (*Extension of time granted*) Mr Osborne was part of the committee that brought down this report today; yet there is no valid solution in the committee report. It certainly does an effective job of challenging some of the other issues.

I heard Ms Tucker talking on radio about the Chief Minister being petulant because she says that we are going to have to make some hard decisions in terms of the budget. Indeed, the reason is that the choices are now limited. The Auditor-General put the choices very clearly. The same Auditor-General was not called before the committee to give advice, not called on by Mr Quinlan's committee to appear on the second day of sittings that they had booked, although I do understand that the secretary of the committee sent out a form letter to the Auditor-General, as he did to other people, saying, "Do you wish to make a submission?". The Auditor-General neither accepted nor declined. That was a matter of choice for Mr Quinlan. The Auditor-General brought it out in his report and the report was on the table for the committee to deal with. The Auditor-General said that there was a limited number of choices.

If we were to follow recommendation 9 of Mr Quinlan's committee, we would have to begin by recognising that it involves a \$40m withdrawal of money from the budget. The \$40m is equivalent to an increase in rates, on average, of \$400, give or take a bit, for each and every household. That may be a reasonable and rational way to go about it; it is something that we ought to look at.

Ms Tucker raised one other issue that we do need to deal with; that is, the regulatory framework and whether the Government should continue with the work on the regulatory framework. Of course we should and of course we will. In just this morning's paper there is a picture of raw sewage floating through Turner, not from a privatised ACTEW, but from the ACTEW that we currently have, the one that people are very keen to protect. Nevertheless, there was raw sewage flowing through Turner. What should happen there? I think there is a clear public health risk arising from this sort of issue and I think a regulatory framework should be considered by this Assembly and that we should make sure that we have the appropriate regulatory framework in place for whatever body is dealing with our essential services.

But when it comes to the crunch, there is a series of unpalatable choices. I think that this Assembly is going to say to us today that the one that is most unpalatable, the sale of ACTEW, is not on. Members, we therefore have to look at some of the other unpalatable choices and try to work out what is the least worst of them. I can see Mr Berry laughing and chuckling away. We came across Berry economics during the election campaign. The rest of us actually consider that we have a serious problem with our superannuation liability and we have identified the level of it and some things for dealing with it. We are going to have to decide what choice we are going to make.

Debate interrupted.

ADJOURNMENT

MR DEPUTY SPEAKER: Order! It being 5.00 pm, I propose the question:

That the Assembly do now adjourn.

Mr Moore: I require the question to be put forthwith without debate.

Question resolved in the negative.

ACTEW CORPORATION LIMITED - PROPOSED DISPOSAL

[COGNATE BILL:

ACTEW (TRANSFER SCHEME) BILL 1998]

Debate resumed.

MR MOORE: The choices are there. They are stark. They are not nice. If each and every one of them were taken to the community, there would be a 70 per cent reaction against them individually. That is what I would expect to be the case. Perhaps that is a problem for the Government. Certainly, Mrs Carnell has said that in retrospect, with the wisdom of hindsight, she would have done it differently. But those choices are there and the one thing that we must do is make a choice so that we do not pass this problem of superannuation liability on to our children.

MR QUINLAN (5.01): Mr Deputy Speaker, from the very start, this debate has been replete with frightening numbers - frightening in terms of their size, frightening in terms of their base, so I am told. We heard some time ago that ACTEW would lose half a billion dollars if not sold now; that New South Wales is coming into the market and those awful Labor people are going to flood the market with electricity enterprises, so we had better get in first. If this particular Liberal Government follows that logic, it is a severe vote of no confidence in Kerry Chikarovski and George Souris. Mr Souris has been quoted recently as saying he would take a serious look at not selling electricity distribution

because the real risk in the electricity business rests in generation, where there is an oversupply and where there is fierce competition. On the distribution side it is far less so. Authoritative opinions are given that there is some danger that there will not be real competition at the domestic retail level.

After a lot of hyperbole and a lot of claims and counterclaims in this oscillating debate, it is now fairly well established that it is only the retail arm of ACTEW that faces a market risk that represents any significant change from its position right now. Let us remember that right now it is doing very well. The remainder of ACTEW remains a natural monopoly. How many times do we have to say it? The water and sewerage is not going to be subject to any competition whatsoever.

We have heard some junior-nomics on the economies of scale. Well, let me say that from my limited experience over at ACTEW the database for electricity does not have a one-to-one match with the database for water, and if there are any economies of scale to be wrought in the supply of water and sewerage services it would be to marry them with rating services where there is almost a one-to-one relationship. But I guess at this particular stage, at this desperate stage, we are prepared to make any claims.

I also want to remind people of the bizarre proposition that our leader, Jon Stanhope, referred to - that we are going to sell water and sewerage networks and we are going to franchise dams, water plants and sewerage plants. Now, they are all one system but we are just going to sell the bit in the middle. The only analogy I can think of is that you have a one-storey house and you are going to sell half of it, the top half. There is just no point in claiming that we are not selling the dams when they are tied to a network that is sold. They are virtually the sole province of the owner of the networks.

Being concerned about this, I asked the Chief Minister in this place what would happen at the expiration of this franchise. The answer was: "Chortle, chortle, I don't know; I won't be around in 50 years". That is one of the most telling comments in this debate. We are setting up a system and we do not know what it is leading to. It does not matter. It kind of paints a furry edge on flogging off our water system - some pretence that it is still remaining in public ownership. Absolute, entire nonsense! This proposition to sell ACTEW is a proposition to sell water and sewerage completely, forever.

Let us just spend a passing moment on electricity distribution. It also is a natural monopoly. There is no possibility of someone coming in and building a parallel system and competing. I think Mr Smyth rightly pointed out that we just operate as toll collectors. That is what we do. There is no value added to the electricity that we buy and sell other than to break down the voltage in the distribution system, and there is not much chance of us expanding our physical system elsewhere - this sort of nebulous growth that we are going to get if we sell it off to corporate Australia. Again, it is arrant nonsense.

We have had some revisiting of the ACTEW dividend. The Government wants to sell ACTEW and forfeit the dividend. We want to keep ACTEW and use it. The Government says, "No, you can't; it's for other purposes". That is crazy logic. The Government says, "We are going to sell ACTEW; take \$770m and put it away; devote it to emerging superannuation, have a little slush fund, and pay off some loan". The only net benefit is paying off some loan. Now, I agree with Mrs Carnell - let me stress, I agree

with this Government - that they will have difficulty in balancing their books if we do not sell ACTEW. That is the claim, and that is the truth; but the truth arrives out of their desire to perpetuate the process that they are involved in now of selling assets to balance budgets.

We have no assurance whatsoever that the proceeds of selling ACTEW will be around in three years' time when this Government expires and shuffles off. How much of that billion dollars is going to be left after this particular Government? The record is of asset sales - the magistrates courts, light fleets, and absorbing the capital of ACTEW on operating expenditures. Why would they change their spots? The solution is to sell ACTEW. They are going to spend the change. Kate Carnell is not interested in \$770m for the superannuation; she is interested in the change to get through three years. So a quarter of our asset will be burnt but she will still be making claims of pride in her economic management: "Look what we have done. We have sold assets. See you later. I am off to corporate Australia".

Some reference has been made to improvement in service in Victoria. Let us be damned clear about this: The major improvement of standards in Victoria occurred while the Victorian system was in public hands. There have been marginal increases since, but nothing like the standards that we have in the ACT have been reached.

I do call for a continuation of the work on the regulatory framework. I think that should be done methodically. There are no urgent problems associated with that, but I think that is an appropriate legacy we can leave from this fiasco and this billion-plus expenditure on consultants. I certainly will not be around in 50 years, as Mrs Carnell will not, but our kids and our grandkids will be, and I would like to think that they have a community structure that is a centrepiece for the Territory in which they live, and that they own it as we owned it.

The Government has referred to some expert opinions that they have had. Well, we have had some expert opinions given to us too through the course of this debate. We have heard the Australia Institute, we have heard the TLC, we have heard the ETU, we have heard the CPSU, we have heard the unions involved that represent the people who work there, and we have heard the people of Canberra, regular consumers of the services of ACTEW. (*Extension of time granted*) As regular consumers of the services of ACTEW, they are expert in their own right and they have clearly given their opinion. Their wishes should be respected.

MR OSBORNE (5.11): Mr Deputy Speaker, it is a truism that you can only sell off the family silver once. When it has gone, it has gone forever. That is why decisions to turn an inheritance into cash should be made with both care and caution. I believe that there is no second chance. That thought has been very much in my mind since the Chief Minister first raised with me the need to sell ACTEW in order to put the finances of the ACT Government on a sound footing. I understood her argument about the budgetary pressures to come in future years from the millstone of an unfunded superannuation liability. Like the Chief Minister, I could not see any easy answer and I was sympathetic to her desire to ensure that future generations were not saddled with a crippling financial burden. But I was also disquieted by the thought of selling off the one great asset of the Australian Capital Territory to remove its one great liability.

I waited with great expectation, and some apprehension, for the day when the Chief Minister raised the issue in public and forced me to decide whether the silver should be kept or sold. I expected that decision day to be before the last election. Surely, I thought, the Liberal Party that was planning such a major sale would have the honesty to include its plans in the policies it put to the people. I was so surprised when the Liberal Party policy documents came and went with nary a mention of ACTEW by the Chief Minister. It was, in fact, I who informed the electorate at the time of the likelihood of ACTEW being put up for sale. Given all the Chief Minister has said over the past six months about the urgent need for the ACTEW sale, I was surprised indeed when, in the closing days of last year's election campaign, she flatly denied that the sale of ACTEW was on her agenda.

The big question in my mind was: Is she misleading the voters of Canberra? What I missed, of course, in those pre-election days was a qualification in the Chief Minister's denial. While the sale of ACTEW was not on her agenda, she promised to do what was necessary to preserve the value of the asset. Well, we now know what preserving the value of an asset really means. They were the weasel words of a politician determined to hide the truth. The family silver was up for sale back in February last year, but Mrs Carnell did not want the children here in the ACT to know before the deed was done.

There has been a lot of that "mummy knows best" attitude in the approach the Chief Minister has taken since then to this ACTEW sale. She knew that the Canberra family wanted to keep its asset rather than sell it. She knew that reports by two merchant banks had not convinced them otherwise, but she still thought that she knew what was good for them and good for all of us; hence the attempt in December to get this Assembly to immediately pass the legislation that is still before us today. The Chief Minister wanted to take no nonsense at all from these troublesome children here in the Assembly. We were told that, if the nasty medicine was not taken then and there, the children could suffer forevermore. Urgent action to allow the sale was necessary and Assembly members were threatened that the legislation would be withdrawn immediately if there was a reference of some of the issues to an Assembly committee. That turned out to be an idle threat.

When the Chief Minister's bluff was called and the committee into unfunded superannuation was established, the legislation, surprisingly, was not withdrawn. But believe you me, you naughty members, you will be brought back to school early in February and will have to take your medicine on 2 February or else. Or else the sale of ACTEW really will be off the agenda and you will be punished with something absolutely unpleasant in the next budget. But, lo and behold, when the Assembly committee dares to question whether the sale of ACTEW really is the only way to deal with the problem of unfunded superannuation, we have the Chief Minister suggesting that the question should be deferred again. We should be given the chance to think again about whether we really want to be responsible for a horror budget. Well, Mr Deputy Speaker, I am not in the mood to continue being hectorred by the Chief Minister. The matriarch of the Government has cried wolf once too often for me.

I have now looked at the evidence about the future of ACTEW in public ownership and of the problem of unfunded superannuation and I am not convinced that her all-or-nothing approach is the correct one. I will vote against this legislation and I am opposed to any attempt to have a vote on it deferred. I take that view for many reasons, but first and foremost because I do not believe that something not urgent enough to be on the Liberal Party agenda before the last election has suddenly become urgent enough for other options to be considered.

I certainly oppose the sale of the natural monopolies of water and sewerage pipes. I think many speakers have spoken about that. The question of the ownership of the electricity distribution network was not so clear, and my decision is that it too should remain in public ownership. A decision on the sale of the retail arm of ACTEW should not be considered until we have the detail of the regulatory regime before us. The Chief Minister, given her record of deception on this issue, is not someone to whom I will be giving an open chequebook with which she can do as she wishes. The devil will be in the detail, and I will want to see that detail before making a final decision on that matter. I well understand that the competitive forces in the electricity market dictate that changes will have to be made to ensure that the electricity business in Canberra is run more efficiently, but I, like many other members in this place, have faith in ACTEW and the workers there.

Mr Deputy Speaker, because the Chief Minister chose to link the sale of ACTEW to the funding of the superannuation payments, something that I do not necessarily disagree with, I would also like to make a brief reference to the one issue that is causing me some unease. At the moment, any provision that the ACT Government makes for future superannuation payments, whether by an annual appropriation or with the proceeds of a major sale, is part of the consolidated accounts of the Government. There is absolutely nothing to stop a future government from using either the income from money notionally set aside to fund future superannuation payments or the capital itself for some other purpose. Someone, in their wisdom, Mr Deputy Speaker, has reminded me of how the national social service levy of one Menzies Liberal Federal Government was quietly forgotten by a subsequent Liberal Government led by the same man. What one Assembly passes into law, another one can overturn. That is a problem which we must address before appropriating any money from any source in the name of guaranteeing future superannuation payments to retired public servants.

I question as well, Mr Deputy Speaker, the whole notion of whether governments should be in the investment business. I am pleased that during my term as a member of this Assembly there have been positive returns on government investments, but I dread the budget that follows any collapse in stock markets. The question of the risk is one that I think this Assembly should be pursuing in the months ahead.

Mr Deputy Speaker, I believe that the best solution for this Assembly is to work together and to find out what the best solution is for ACTEW. My advice to the Government is: Pick up your dummy, bring your bat and ball back to the game, and work with us here in the Assembly to find a way forward for ACTEW, its employees and the ACT. To sum up, Mr Deputy Speaker, I will be voting against the legislation.

MR STEFANIAK (Minister for Education) (5.20): Mr Deputy Speaker, ACTEW has a very well earned reputation in the Canberra community as a very good corporate citizen. It is a corporate citizen that buys locally and it contributes generously to community activities. Now, understandably, there is considerable community concern about how these activities would be affected under a privatised ACTEW. I suggest, Mr Deputy Speaker, that it is quite understandable to see the apparent level of public disquiet in terms of the sale of ACTEW. It is, to the vast majority of people in the public, a step into the unknown.

It is somewhat similar to the situation back in the First Assembly when the Labor Government, the Alliance Government and then the Labor Government again were faced with difficult decisions in relation to Royal Canberra Hospital. It is true that governments do have to govern. There are many issues where governments, rightly, should be very much influenced by the public, but there are some times when governments do have to make hard decisions that apparently go against what may be said to be public opinion. The hospital, I think, was a case in point, and it is not dissimilar from this. It would have cost, I think, \$70m, \$80m or \$90m just to refurbish Royal Canberra Hospital at Acton Peninsula, as well as the cost of keeping and upgrading Woden Valley Hospital. Then there were the additional running costs. Certainly, the cost of keeping two hospitals was well over \$100m extra, and there were real reasons why Woden was chosen as the principal hospital.

Mr Deputy Speaker, 40,000 people signed a petition against that. Many Canberrans, myself included, were born in that hospital. It evoked a lot of emotion, but the right decision was taken by the Alliance Government and it was continued by the then Follett Labor Government. It was not a popular one, but it was correct.

When Neville Chamberlain came back from Munich after the Munich sell-out a lot of people in Britain breathed a sigh of relief; but I do not think that two or three years later those same people would have thanked him for his appeasement of Hitler. It would have been a lot easier in 1938, as history records, if the tough decision to stop Nazi aggression had been taken then when there were only some five German divisions facing a French army of about 100 million on the Western Front, and a very strong Czech army with natural defences which the German General Staff indicated they would have trouble breaching. It was a popular decision, but later it was not popular.

I wonder whether the citizens of Canberra will thank this Assembly, which is now going to vote against this sale, if in a few years time they are paying an extra, say, \$500 a year per household for basic services. I do not think so. I do not think, Mr Deputy Speaker, they would even thank this Assembly if perhaps they are only paying \$250 a year extra per household for services. I think those things are very likely as a result of the decision this Assembly is going to take.

Mr Deputy Speaker, I do not think any really viable alternatives have been advanced. Looking at the report of the committee, a number of options are presented, but none of them are particularly palatable. The majority committee report would have us believe that these are better than the Government's option. But are they? Look, for example, at option 2 and option 3. Option 2 is to find an extra \$300m immediately, borrow that, and bung it in now. Then, around about 2012, let us find another \$200m and pay that in.

How are we going to do that? Are we going to cut essential services? Are we going to borrow that? Option 3 is very similar as well. I do not think those are particularly viable options.

It is interesting to see recommendation No. 9, which really does not recommend very much at all. It urges us to utilise an income stream from ACTEW that is already being utilised towards essential government services such as police, paying the salaries of teachers, nurses and the like. When one comes to the closing comments of the report, finally the committee concludes that the superannuation liability can and must be tackled. Well, that is good. It recognises that, but it does not suggest how. All it says is that the simple proposal to sell off ACTEW to meet the debt is not the optimal solution. It offers no other alternative.

Mr Deputy Speaker, we do have a new national electricity market. Already, ACTEW does not have 100 per cent of the electricity market. It will continue to lose its market share. Already, whatever happens, ACTEW is going to be shedding staff. Already we know that it has to be more efficient. That is certainly something that has to happen if it continues in government ownership.

We have been told that a very good performance by ACTEW would be to retain 70 per cent of the contestable market. A bad performance would see it lose more than 50 per cent. What does that do in terms of revenue coming in? How is ACTEW going to be able to continue to pay significant dividends, and to pay off significant loans that it is proposed it undertakes by those who would have us not sell it? How is that going to occur?

What will occur, Mr Deputy Speaker, if item (iv) of recommendation No. 9 is not feasible? That proposal is to utilise the income stream from ACTEW to contribute towards the unfunded liability. What if the income stream is considerably down as a result of what is occurring around Australia and what is affecting ACTEW, ACTEW being one of the smallest companies around? That is a very real problem, Mr Deputy Speaker, and no-one who is opposed to this sale has really come up with a viable alternative to counter that.

What are the benefits if we do have a sale now? To start with, ACTEW is going to have to change regardless of the outcome, and there have been fundamental changes to the market in which the corporation operates. If ACTEW is to remain as a profitable asset it has to change, and if it is privatised it will have the opportunity to become part of a larger, richer organisation.

Events in recent days, with the sale of Victoria's first gas business, have shown that the market for Australian utilities is strong. There was \$1.6 billion for that, Mr Deputy Speaker - about \$200m more than the most optimistic forecast. That is money that that community can use. This means the Government would have to have the ability to negotiate with a potential buyer on very favourable terms to the ACT. Not only would current employment levels be secure, but there also would be the potential, in spite of what I someone opposite said, to require the company head office to be located in the

ACT and thereby to create further employment. A large private sector company would also have sizeable finances for the purchase of goods and services, and for things like sponsorship and other community activities, which, of necessity, must decline if ACTEW continues to remain in public hands.

Finally, Mr Deputy Speaker, a privatised, larger and wealthier ACTEW is likely to bring very significant benefits to the ACT economy, something I think the ACT Chamber of Commerce very much appreciates. I think the chamber is terrified that this debate looks like it is going to be lost. Unfortunately, if ACTEW continues in government ownership, it will no longer be able to offer the same benefits to our community. I think we have to face up to market realities. The ACTEW management has indicated to the Government that dramatic cost cutting of between 10 and 20 per cent is necessary and jobs will be lost.

I think the sale of ACTEW provides an unprecedented opportunity to solve the Territory's major financial problem, the unfunded superannuation liability. Any other alternative will have significant implications for government spending and taxation, and will have very negative implications for economic activity in the ACT. That does not paint a pretty picture for our local economy. I know it may well be too late, but I urge members to support this Bill. It is in the long-term best interest of the Territory.

MR BERRY (5.28): Mr Deputy Speaker, let us first take a look at an important precursor to today's debate, and I will start with a quote from last year's budget speech from the Chief Minister. She said this:

Mr Speaker, this Government has a vision for the future of Canberra as the clever, caring capital of Australia - a capital that has a dynamic and sustainable economy, and a city that has a safe, active and healthy community. The budget I present today is focused upon realising these goals over the next four years.

Remember that, four years. She continued:

It builds on the direction we established over our first three years in office and plots the course on which we hope to take Canberra as we head into the twenty-first century.

We all remember it well. She went on:

Our budget strategy is also realistic. It recognises and responds directly to the challenges and opportunities that are affecting residents, businesses and community organisations today. For the ACT to succeed and prosper as the best place in which to live and work in Australia, it will take leadership, enthusiasm and even risk-taking.

There is nothing in that or any other part of the budget speech that says a word about ACTEW. So we could do it then, but we did not have to sell ACTEW. It was unnecessary then and it is unnecessary now. There is talk about goals for the next four years. There is talk about the course for Canberra, as I said, as we head into the twenty-first century, but there is nothing about ACTEW. So why are we now hearing

petulant threats from the Chief Minister? These appear to be the vindictive intentions of the Chief Minister who, after months of talking down ACTEW's prospects, is miffed at the sensible refusal of members to be swayed by the Government's scare tactics and will maliciously attempt to force the sky to fall in, as she has threatened.

In the ACT election and in the budget we were misled. We were voting on false pretences. The whole ACTEW debate has been a debate about leadership and risk-taking. More specifically, it has been about leadership failure and false pretences. Leadership is not about blind ideology, as we see coming from the Liberal Government. It is not about a crash or crash-through mentality. It is about integrity, it is about honesty, and it is about responsibility, not just to current electors but to future generations. It is about sensitivity to the community's needs and wishes. The Chief Minister has failed these tests, but she has excelled in her willingness to take risks with the people's property, risk-taking.

In the current debate the Chief Minister has misled the community on the true state of our economy, on the true state of her budget, on the viability of ACTEW and on the options for managing the superannuation liability - a liability which has grown because of the Chief Minister's failure to manage the ACT's finances responsibly. The Labor Party, in contrast, is about planning and managing in the long term. Our arguments in this debate have been about the long-term needs of the Canberra community, not blind ideology, not about the next election, and not about life after politics. We instinctively knew that the dogmatic approach to the sale of assets from the Liberals would continue. We also knew that the sale of ACTEW was against the interests of the Canberra community, and we were honest enough to declare emphatically at the last election that ACTEW would not be sold. We said it and we stuck to that promise right to the end. We will stick to it now.

We are also the only party, for Mr Moore's interest, to put forward a comprehensive budget statement in accrual terms against the background of our promise not to sell ACTEW. It was also clear to us that the Government case, if it chose to sell ACTEW, could be demolished, and we set about doing that and we have done it successfully.

The rationale, of course, has been the big numbers around the superannuation liability, the hole in the budget, but it is the black hole, partly at least, of the Chief Minister's creation. This was always a thin rationale for the sale of ACTEW, an inappropriate reason, as many commentators have properly said. Big numbers were cooked up in a brew to frighten the misinformed. That is what Mrs Carnell's case has been about. But we found out very early in the piece that the numbers were shaky. Noting the observation that the superannuation predictions were conservative, who is surprised at that? In the scheme of things, finance departments and treasury departments are always conservative in their predictions. Would we be surprised, I ask you all, if the Government announced at some point in the future once ACTEW is sold that things are not as bad as first thought and now we have this loose cash in our war chest for the next election? Would we be surprised at that? No, we would expect that because of the conservative predictions which have been attached to the superannuation liability.

We in the Labor Party were not going to let those sorts of tactics go unchallenged, and we have not. Who amongst us would trust Kate Carnell to prudently store away a large amount of money for a specific purpose? Which one of you? Stick up your hand. You would, Mr Humphries.

Mr Smyth: What was the question?

MR BERRY: Mr Smyth does not trust her either. Do we really think that she would leave it alone if an opportunity arose to spend it to promote herself? Do we really think a large amount of ready cash would be safe in her hands?

The Chief Minister has shown in the past that she is prepared to be reckless, and she has shown that she is prepared to be reckless, again with community assets. Let us consider some of the examples, such as the Feel the Power of Canberra campaign and the tens of millions of dollars worth of extravagance on the Bruce Stadium. Who would leave this Chief Minister in charge of a large amount of money from the sale of an important asset? I would not. Gary Humphries would. I will contest Gary Humphries on that score. I will even make a small wager with him, and I bet I will win. She also has been reckless on the figures she bandied about to support her case for the sale.

ACTEW's value is its gold-plated infrastructure. It has been undervalued deliberately for a quick sale. The big benefit, of course, will go to the purchaser. Everything for a quick sale. Reduce the opportunity for scrutiny at any cost. The Chief Minister's own words were:

Between 1993-94 and last year, ACTEW actually returned about \$285m ...

Here is another little quote from the Chief Minister:

... over the next four years, ACTEW will pay the Territory \$215m ...

A total of \$500m would be gone forever once ACTEW was sold. You do not have to be a rocket scientist to work out that over a few years the losses to the ACT will outweigh the benefits of the sale of ACTEW. The Government argues that Labor cannot spend the payments from ACTEW when they would do away with it altogether with the sale of it. What a hypocritical position to adopt. Labor's campaign arises from its commitment to our community assets, and the community has backed us all the way. Unfortunately, this whole episode has been a really tawdry chapter in the Territory's history, culminating in a tantrum in the sandpit. Mr Deputy Speaker, this Chief Minister has behaved abominably in relation to the sale of ACTEW. I remind the Chief Minister that ACTEW is ours. This is a personal matter. It is a personal matter for me and for all my constituents. It is ours. Do not sell it.

MR HUMPHRIES (Attorney-General, Minister for Justice and Community Safety and Minister Assisting the Treasurer)(5.37): Mr Deputy Speaker, I will, of necessity, be quite brief in this debate. Let me make a few points. If it had been the case that the argument

against selling ACTEW was so overwhelmingly good, why have so many lies been resorted to by those who have sought to stop this sale? Let us run through some of them. The Government was not going to bring - - -

Mr Corbell: I take a point of order. Mr Humphries knows it is not appropriate to use the word "lie". He has made an accusation against members who have opposed the sale. It is unparliamentary and he should withdraw it.

MR DEPUTY SPEAKER: It is certainly running close to the line, Mr Humphries. "Lie" has often been - - -

MR HUMPHRIES: Mr Deputy Speaker, the rule has always been that if it is attributed to a particular member it is unparliamentary. If it is not - - -

Mr Berry: No, no, all of us.

MR DEPUTY SPEAKER: I was checking the record a moment ago. It can be taken fairly generally and in the past has been withdrawn.

MR HUMPHRIES: Only in respect of applying to certain members.

Mr Berry: Well, I felt it was applied to me.

MR HUMPHRIES: Well, it was not applied to you, Mr Berry.

MR DEPUTY SPEAKER: Can we get on with the debate? I call Mr Humphries.

MR HUMPHRIES: Mr Deputy Speaker, let us run through the untruths which have been put forward in this debate. The Government was not going to bring the ACTEW debate to the Assembly. Untrue. The Government was going to gamble all the proceeds of the sale on the equity market. Untrue. The Government was putting the reliability of supply at risk because private ownership elsewhere has resulted in a decline in reliability. Untrue. Prices have gone up under private ownership elsewhere. Untrue. Mr Deputy Speaker, this is the big one. There is \$40m in ACTEW dividends which can painlessly now be transferred into superannuation without any effect on the recurrent budget of the Territory. Let me go further. A lie.

Mr Deputy Speaker, all of those things have been trotted out, and many more, in the course of this debate to justify the argument against sale. All of them have been trotted out. It happened even in the ads that were run most recently. Do you want Canberra to be put in the position of Auckland in losing its power supply for long periods of time the way Auckland did? Auckland's power supply was coming from a publicly owned utility. How honest is it in this debate to run lines like that when you know it is an argument against public ownership, not against private ownership?

Let me put this proposition to the Assembly. It is reasonable, and not unprecedented by any means, for an opposition to enjoy the privilege of being able to criticise and attack and indeed demolish cases or propositions or legislation put forward by governments

without offering alternatives. That is generally okay. I would not argue against it on most occasions, because the fact is that every opposition has indulged in that, including this party when in opposition from time to time.

Mr Kaine: So will you shortly.

MR HUMPHRIES: Thank you for the threat, Mr Kaine. I look forward to you moving that motion.

Mr Speaker, I think the debate today is slightly different because not only has the Opposition attacked the Government's proposition that ACTEW Corporation should be sold to secure the future superannuation liabilities of the Territory; it also has produced a report which attacks and criticises that proposition and it has put nothing in its place as an alternative. It has not put anything as an alternative. Recommendation No. 9 is the closest it comes to putting an alternative in its place and all it says is that we have a timed approach for minimising the impact on the budget and we increase the current SPU repatriation from ACTEW to above 30 per cent. That is all it says. That is not the basis for an alternative government policy.

This is like that game that we used to play as kids, 20 questions. We put up a proposition and you say yes or no. You come back with a further proposition. You just say yes or no. So far it has only been no. I think you owe it to us and to the Territory, and to the people in the gallery who have come here today to see you knock off this proposition, to say how you are going to deal with this problem.

Ms Carnell: Wayne said "Working Capital" would be the way to go.

MR HUMPHRIES: Enough said about that. That is the position we are now in. It is not like going onto the beach and kicking down some kid's sandcastle because it is a lot of fun and you feel really good afterwards and everyone has a good snigger about it. You have an obligation to put in its place something which is going to secure the future superannuation liabilities of the Territory.

Mr Corbell: We have. You just disagree with it.

MR HUMPHRIES: You have not put that in place.

Mr Corbell: You know what we put forward.

Ms Carnell: What?

MR HUMPHRIES: What, the \$500m repatriation from ACTEW? Mr Speaker, this report has come down today. It does not put forward the model that was put forward by the Australia Institute. It uses the Australia Institute to demolish various aspects of the Government's proposal, but it does not say, "Adopt the Australia Institute model instead". If you had done that we would be able to compare the Government's proposition with your proposition, but it does not do that. It quite cleverly, I might say, refuses to put up an alternative because that would become the focus of the Government's comments here today.

Mr Speaker, I say again to members of this place that defeating the sale of ACTEW today does not end the debate on this issue. You simply defer it. You simply leave the hard choice for sometime later. How much later, I do not know. That again has not been made clear to the Government. When are we going to make this decision? When are we going to face the hard decisions? There are hard decisions. You know that. You know that there are hard decisions.

If Mr Quinlan and Mr Hargreaves, and possibly others in this parliamentary Labor Party, were sitting in the New South Wales parliamentary Labor Party they would be on the other side of the chamber in both senses - both in the sense that they would be in government at the moment and they would be on the other side of the debate on the question of privatisation. The so-called discredited ideology Mr Stanhope referred to would be being espoused in the mouths of some of your colleagues here today, and you know that.

The fact of the matter is that, if you do not espouse privatisation, you have to espouse something else which is going to be a tangible and real way of addressing those problems. We have tried to do it over the last six months. You do not like it. You are going to knock it off today. That is fine. But you have to come back with your alternative at some point. You have to do that because you have already shared the responsibility for making this decision by the way in which this vote is conducted today. You have said, "We get the right to make a decision about this as well". If you have that right, you have a responsibility which goes with it.

MR RUGENDYKE (5.45): Mr Speaker, I have already declared my opposition to the Government's sale proposal and it was a decision that was quite difficult to arrive at. I began the research on ACTEW in earnest last September. In the ensuing four months I have made every endeavour to talk to a broad cross-section of stakeholders and to absorb as much quality information as possible to settle on my position. For me this was not a case of simply falling into a party or ideological line. I had a genuine decision to make and I have pored over the evidence from both sides of the debate and from independent sources during the past few months. I have gathered information from all avenues - from community and business groups, from environmental groups, from interstate politicians, and I have also visited the Prospect water plant in Sydney. At the end of the day, the Government's argument for selling ACTEW immediately is not conclusive.

In light of this scenario it is my responsibility to the citizens of the ACT to err on the side of caution. I cannot agree to throw ACTEW away when there is no clear evidence that a sale will realise the best community benefit. Mrs Carnell would like the community to believe that this, for me, was a gutless option. I would suggest that it was the Government which was gutless prior to the last election. There is no question that selling ACTEW has always been on the Government's plans, certainly in 1997, perhaps in 1996, maybe even in 1995, but they did not have the guts to be up-front with the electorate. For me, the soft option would have been to call for a referendum on the issue, knowing that this would have put an end to the sale. Instead, I chose to fully research all available facts and come to a credible well-placed decision, which is why the so-called urgency to pass this Bill has been impossible to swallow.

There was no hint of gloom for ACTEW when this Government had the opportunity to lay its cards on the table just prior to the election, less than 12 months ago. Then, within a couple of months of polling day, out rolled the Fay Richwhite report, which was the catalyst for setting up the sale bandwagon. If ACTEW is valued at \$1.2 billion, that equates to about a \$4,000 share for every Canberran, and it is evident from the dealings with my constituency that they are very protective of this share. They are extremely satisfied with the outstanding quality of service that ACTEW provides and they cannot believe that it would be suddenly worthless. There is no doubt that the overwhelming feeling in the community is that ACTEW is not worthless. I must say that I have had close to a thousand representations from constituents in one form or another, and of those only four have been in favour of the sale. I might add that two of those were from the one person.

Mr Kaine: They were from Kate, were they?

MR RUGENDYKE: No, Mr R.S. Gilbert, a regular correspondent to the *Canberra Times*. So, in fact, the correspondence for the sale could be said to be halved, based on Mr Gilbert's contributions. It is my duty to listen to the community; so this naturally is one of the major factors which contributed to the decision.

The Government told us that the only future for ACTEW was to sell, and to sell now. The Government told us that the only option for the unfunded superannuation debt was to sell ACTEW, and to sell it now. Yet, at the same time, safeguards to preserve the quality of service and to preserve the value of the sale are not in place. In fact, on that point, the very first question I asked was: How did the Government propose to protect the value of the sale? What I found out, although I have not been advised by the Government, was that we will not see the \$765m cheque appear. We will not see a photograph of it in the *Canberra Times*. We will not see anyone walking into the superannuation board with a cheque. My best guess is that it will be invested somehow in, among other things, the stock market, and that is what I call risk, a topic that has been high in this debate. I would not be impressed if the value of ACTEW was frittered away by either future government mismanagement or poor investment, as we have seen not long ago.

I think it is a bit rich for this Government to expect us to trust them when they told us that this proposal was not on the agenda less than a year ago. I am certainly not prepared to leave the door open for something to go wrong. It is only fair for the community to see exactly what the ground rules would be before relinquishing control to the private sector. This still does not support the Government's argument for them to have more time. In December I supported an adjournment on the basis of allowing the superannuation committee's inquiry to go ahead. The Government opposed this vigorously and threw a tantrum when the matter was not dealt with there and then. They also pushed for today's special sitting to have the issue resolved here today. Now it seems that the Government would like an adjournment. What has happened to the need for urgency? The urgency has snowballed into a panic approach from the Government and it is simply not appropriate.

I am not prepared to give up on ACTEW so hastily when it is serving the community with such a healthy pulse. I am mindful that competition in the energy market presents challenges for ACTEW to preserve its standing as an outstanding utility within the

community. Certainly, it is recognised that ACTEW's retail electricity arm will be impacted by deregulation, but this is not the corporation's core revenue spinner. The earnings before interest and taxes, based on ACTEW's own figures in ABN AMRO's scoping study, are forecast at \$73.2m in 2003. (*Extension of time granted*) Clearly we do not have a dud. We do have something to work with.

Mr Moore: You will have to be quick.

Ms Carnell: It was because they want to finish.

Mr Hargreaves: Well, too bad. You blokes have filibustered all day. Let him go.

Ms Carnell: It is nothing to do with us. It is that Ossie wants to leave. We are happy to stay here all night.

MR SPEAKER: Order, please! Mr Rugendyke, proceed, please.

MR RUGENDYKE: Thank you, Mr Speaker. In my view private ownership is not the answer at this time. However, I am prepared to consider other options that could enhance ACTEW if they were to arise in the future. Selling ACTEW now is not an alternative when safeguards are not set in concrete to preserve both the quality of service and the funds that would be derived from a sale.

The Government is welded to the process of the ACTEW sale as the only answer to the Territory's unfunded superannuation. The select committee report on this issue presented the alternative of chipping away at the debt over a longer period of time. Keeping ACTEW and meeting the debt is the ideal scenario for the Territory. I would much rather see this model pursued than stumble into a panic sale.

Mr Moore referred to my decision being announced after the release of the superannuation inquiry report. That is the commitment I gave; that I would not make a mockery of Mr Quinlan's committee. I did wait until after that report was handed down before I announced my decision. I would like to put on the record that the superannuation report was only one component of a complex issue which I took into account. This was just one doubt in my mind, but not the only doubt.

There are positive points to emerge from this debate. I am particularly pleased to see the work on the regulatory framework that is being done. There has been very solid progress made in these areas and I would hope that this continues in the same manner, regardless of today's result. I also hope that the Chief Minister recognises the threats that she made this week in the media should this Bill be opposed by the Assembly. It would be a vindictive minority government that would choose to punish ACTEW and the community because they lost this debate. Mr Speaker, retaining ACTEW and utilising it to meet the superannuation debt is the most desirable option for the ACT, and I would rather see this option explored fully than endorse a rushed panic sale.

MS CARNELL (Chief Minister and Treasurer) (5.59), in reply: Thank you very much, members of the Assembly. Fairly obviously, and I suppose fairly obviously for a time now, this debate will be lost by the Government. I think we have to look at what that actually means. Yes, I could argue again for the sale of ACTEW on the basis of risk and on the basis of what it means to the future of the Territory; but, taking into account that the debate is lost, let us look at what it means.

Mr Rugendyke made some comments about vindictive approaches. No, Mr Speaker. It is all in this document, Mr Rugendyke. It is the Auditor-General's report entitled "Territory Operating Losses and Financial Position". The Auditor-General, as we know, is appointed by the Government, and Mr Quinlan approved that appointment not terribly long ago. Mr Speaker, this Auditor-General was first appointed by a Labor government, so he is not somebody who is on our side. He is somebody who is totally independent. What the Auditor-General says in this report is very clear. First, the operating loss is unsustainable. That is backed up by Mr Quinlan, Mr Stanhope and, by the way, Mr Osborne as well. The operating loss is unsustainable. Do you agree with that, Mr Rugendyke? Yes, you do, because you have before. You are on record as well.

Mr Speaker, the operating loss is unsustainable. We all agree with that. The Auditor-General then goes on to say that there are three ways to address that. One of them is to increase revenue, one of them is to decrease expenditure, and the other is to sell assets. The Auditor-General suggests in this report that he perceives from the general approach this Assembly has taken, probably since self-government, that the chances of reducing expenditure significantly are not terribly high. He suggests that the Assembly in the past has not shown the capacity to make some of the very hard decisions needed. Maybe that is what he is saying. He goes on to say that, if we cannot address revenue and expenditure to the extent that we have to, asset sales are the way to go, and he says that ACTEW is the most obvious way to go. If the Assembly believes that ACTEW is not the way to go, that asset sales generally are not the way to go, as those opposite have said, that leaves us with revenue and expenditure. That leaves us with taxes and cuts in staff and services. These are not scare tactics, Mr Speaker; that is just the reality.

The only other person who has come up with any solutions at all is Mr Berry. Mr Berry said in his speech just before that his solution was working capital. Mr Berry believes that the approach is to spend the cash line in the operating statement or in the balance sheet, Mr Speaker. We know that that is seriously stupid. Even Mr Quinlan, I have to say, gets extraordinarily worried every time he mentions it. You can see him literally wincing.

Mr Speaker, we have to understand what this decision means. This decision is a decision that this Assembly has every right to make, but we have to understand that that means pressure on the budget, as the Auditor-General has said. Probably half an hour ago, or in the last hour, Mr Quinlan said it too. Mr Quinlan said he agrees with me. He agrees with the Government that the difficulty for the Government in addressing the operating loss would be significant if we did not sell ACTEW. Mr Quinlan said that in this debate in the last hour or so.

So Mr Quinlan agrees as well that the difficulty of addressing the operating loss that we all accept is unacceptable and difficult will be significantly harder as a result of this decision. That means that we as an Assembly, we as a community, have to decide what

we will do. Do we want to increase taxes? Do we want to reduce services? Do we want to go down the redundancy path? We as a government are more than happy to make those decisions. We are in government. But we have to be given the right to do it.

I would like to finish, Mr Speaker, by saying that people have made much about the fact that the majority of the community do not support the sale of ACTEW. Do the majority of the community support increased taxes? No. Do the majority of the Assembly support reduced services? No. Do the majority of the community support school closures, reductions in nurse numbers, and longer waiting lists? Mr Speaker, those are the options here.

Let us be fair on this. This is not about a populist decision. The options are selling ACTEW or addressing the very real issues of the budget. We are happy to do that. If those opposite and those on the crossbenches want to tell us how to do it, please put the options on the table or let the Government get on with the job.

Question put:

That the motion (**Ms Carnell's**) be agreed to.

The Assembly voted -

AYES, 7

Ms Carnell
Mr Cornwell
Mr Hird
Mr Humphries
Mr Moore
Mr Smyth
Mr Stefaniak

NOES, 10

Mr Berry
Mr Corbell
Mr Hargreaves
Mr Kaine
Mr Osborne
Mr Quinlan
Mr Rugendyke
Mr Stanhope
Ms Tucker
Mr Wood

Question so resolved in the negative.

ACTEW (TRANSFER SCHEME) BILL 1998

Debate resumed from 8 December 1998, on motion by **Ms Carnell**:

That this Bill be agreed to in principle.

Question put.

The Assembly voted -

AYES, 7

Ms Carnell
Mr Cornwell
Mr Hird
Mr Humphries
Mr Moore
Mr Smyth
Mr Stefaniak

NOES, 10

Mr Berry
Mr Corbell
Mr Hargreaves
Mr Kaine
Mr Osborne
Mr Quinlan
Mr Rugendyke
Mr Stanhope
Ms Tucker
Mr Wood

Question so resolved in the negative.

STUDY TRIP Paper

MR SPEAKER: For the information of members, I present the report of a trip undertaken by Mr Rugendyke, MLA, to Sydney between 2 and 3 December.

AUTHORITY TO BROADCAST PROCEEDINGS Paper

MR SPEAKER: Pursuant to subsection 8(4) of the Legislative Assembly (Broadcasting of Proceedings) Act 1997, I present authorisations to broadcast given to a number of television networks in relation to the public hearing of the Standing Committee on Education on 11 December 1998 (vision only), the public hearing of the Select Committee on the Territory's Superannuation Commitments on 19 January 1999 (vision only) and proceedings of the Assembly for today, 2 February 1999, concerning the presentation and subsequent debate on the report of the Select Committee on the Territory's Superannuation Commitments and any debates on the sale of ACTEW.

PINOCHET REGIME Paper

MR SPEAKER: For the information of members, I present a copy of a letter from the Minister for Foreign Affairs to the Chief Minister concerning the Assembly's resolution condemning the atrocities committed against the Chilean people by the Pinochet regime.

UNIVERSAL DECLARATION OF HUMAN RIGHTS Paper

MR SPEAKER: For the information of members, I present a copy of letters from the Chief Minister to the Prime Minister and the Commonwealth Attorney-General, both dated 22 December 1998, conveying the Assembly's resolutions of 9 December 1998 concerning the Universal Declaration of Human Rights and of 10 December 1998 concerning the fiftieth anniversary of the proclamation of the Universal Declaration of Human Rights.

SUBORDINATE LEGISLATION Papers

MR HUMPHRIES (Attorney-General, Minister for Justice and Community Safety and Minister Assisting the Treasurer): Mr Speaker, I present for the information of members subordinate legislation, pursuant to section 6 of the Subordinate Laws Act 1989, in accordance with the schedule of gazettal notices circulated, and gazettal notices of commencement provisions of the Acts listed and corrigenda to *Gazette* notices previously circulated to the Assembly.

The schedule read as follows:

Births, Deaths and Marriages Registration Act -

Notice to the public - Births, Deaths and Marriages Registration Regulations - Regulation No. 19 of 1998, the Births, Deaths and Marriages Registration Regulations published in *Gazette* No. S149 on 4 June 1998 was not laid before the Legislative Assembly within 15 sitting days after notification. As a result under subsection 6 (6) of the Subordinate Laws Act 1989 the Regulations ceased to have effect on 30 October 1998.

Building (Amendment) Act (No. 2) 1998 - Notice of commencement (4 January 1999) of remaining sections (S1, dated 4 January 1999).

Building Act -

Building Regulations (Amendment) - Subordinate Law No. 40 of 1998 (S2, dated 4 January 1999).

Determination of fees - No. 277 of 1998 (S2, dated 4 January 1999).

Construction Practitioners Registration Act 1998 - Notice of commencement (18 December 1998) of remaining sections (S213, dated 18 December 1998).

Construction Practitioners Registration Act -

Construction Practitioners Registration Regulations - Subordinate Law No. 38 of 1998 (S214, dated 18 December 1998).

Determination of fees - No. 263 of 1998 (S214, dated 18 December 1998).

Consumer Credit (Administration) Act - Instrument of appointment as a Member and Chairperson of the Credit Tribunal - No. 275 of 1998 (No. 51, dated 23 December 1998).

Custodial Escorts Act 1998 - Notice of commencement (23 December 1998) of remaining provisions (No. 51, dated 23 December 1998).

Custodial Escorts (Consequential Provisions) Act 1998 - Notice of commencement (23 December 1998) of remaining provisions (No. 51, dated 23 December 1998).

Dental Technicians and Dental Prosthetists Registration Act. See "Health Professions Boards (Procedures) Act".

Domestic Violence (Amendment) Act (No. 2) 1998 - Notice of commencement (23 December 1998) of remaining provisions (No. 51, dated 23 December 1998).

Electricity (National Scheme) Act 1997 - Notice of commencement (13 December 1998) of remaining provisions (S209, dated 11 December 1998).

Energy and Water Act - Determination of fees - No.278 of 1998 (S2, dated 4 January 1999).

Firearms Act - Determination of fees - No. 264 of 1998 (No. 51, dated 23 December 1998).

Health Act - Instruments of appointment as members to the ACT Health and Community Care Ethics Committee - Nos 1 and 2 of 1999 (No. 1, dated 6 January 1999).

Health Professions Boards (Procedures) Act and Dental Technicians and Dental Prosthetists Registration Act - Instrument of appointment of member to the Dental Technicians and Dental Prosthetists Board - No. 260 of 1998 (No. 51, dated 23 December 1998).

Independent Pricing and Regulatory Commission Act - Declaration of public transport bus services as a regulated industry under section 4 and specified requirements in relation to investigation under section 16 - No. 265 of 1998 (No. 51, dated 23 December 1998).

Justices of the Peace Act - Appointment of Justices of the Peace - No. 5 of 1999 (No. 4, dated 27 January 1999).

Land (Planning and Environment) Act - Criteria for the grant of a further rural lease under section 171A - No. 4 of 1999 (No. 2, dated 13 January 1999).

Legislative Assembly (Members' Staff) Act - Arrangements for the employment of staff of Members pursuant to section 10 (2) - Amendment to provide for an increase in staff salary allocation to Mr Kaine MLA to provide the same allocation as that made to other cross bench members in the Assembly from 7 January 1998 until the end of the last pay period in the 1998-99 financial year - No. 257 of 1998 (S209, dated 11 December 1998).

Liquor Regulations (Amendment) - Subordinate Law No. 41 of 1998 (No. 2, dated 13 January 1999).

Litter (Amendment) Act 1998 - Notice of commencement (1 January 1999) of section 5 (S213, dated 18 December 1998).

Litter Act - Litter Regulations (Amendment) - Subordinate Law No. 39 of 1998 (S214, dated 18 December 1998).

Magistrates Court (Amendment) Act 1998 - Notice of commencement (1 January 1999) of remaining provisions (No. 50, dated 16 December 1998).

Motor Omnibus Services Act - Determination of charges - No. 258 of 1998 (No. 50, dated 16 December 1998).

Motor Traffic Act -

Determination of parking charges - No. 7 of 1999 (No. 4, dated 27 January 1999).

Motor Traffic Regulations -

Declaration of declared holiday period (24 December 1998 to 28 December 1998) - No. 261 of 1998 (No. 51, dated 23 December 1998).

Declaration of declared holiday period (31 December 1998 to 3 January 1999) - No. 262 of 1998 (No. 51, dated 23 December 1998).

Occupational Health and Safety Act - Approval of the ACT Sex Industry Code of Practice - No. 259 of 1998 (No. 50, dated 16 December 1998).

Periodic Detention Act. See "Remand Centres Act".

Public Health Act - Public Health (Medical and Dental Inspection of School Children) Regulations (Repeal) - Subordinate Law No. 42 of 1998 (No. 4, dated 27 January 1999).

Public Place Names Act - Amendment to the notice published in the *Commonwealth Gazette* No. 29 of 1972 by omitting three street names in the Division of Garran - No. 8 of 1999 (No. 4, dated 27 January 1999).

Public Sector Management Act - Management Standards -

No. 4 of 1998 (No. 51, dated 23 December 1998).

No. 5 of 1998 (No. 49, dated 9 December 1998).

No. 7 of 1998 (No. 51, dated 23 December 1998).

Remand Centres Act and Periodic Detention Act - Appointment of Official Visitor - No. 3 of 1999 (No. 2, dated 13 January 1999).

Statute Law Revision (Penalties) Act 1998 - Notice of commencement (9 December 1998) of section 3 (No. 49, dated 9 December 1998).

Supreme Court Act - Supreme Court Rules (Amendment) - Subordinate Law No. 35 of 1998 (No. 49, dated 9 December 1998).

Tenancy Tribunal Act - Instrument of appointment of Acting President of the Tenancy Tribunal - No. 276 of 1998. (No. 51, dated 23 December 1998).

Vocational Education and Training Act - Instruments of appointment as -

Chairperson to the Vocational Education and Training Authority - No. 266 of 1998 (No. 51, dated 23 December 1998).

Members to the Vocational Education and Training Authority - Nos 267 to 274 (inclusive) of 1998 (No. 51, dated 23 December 1998).

Workers' Compensation Act - Appointment of Nominal Insurer - No. 6 of 1999 (S4, dated 20 January 1999).

Corrigendum (No. 50, dated 16 December 1998) to the Birth (Equality of Status) (Amendment) Act 1998 notice of commencement (published in *Gazette* No. 47, dated 25 November 1998).

Corrigendum (No. 51, dated 23 December 1998) to arrangements for staff salary allocations made pursuant to the Legislative Assembly (Members' Staff) Act - No. 257 of 1998 (published in *Gazette* S209, dated 11 December 1998).

Corrigendum (No. 1, dated 6 January 1999) to the Litter (Amendment) Act 1998 notice of commencement of section 5 (published in *Gazette* S213, dated 18 December 1998).

MILK AUTHORITY (AMENDMENT) BILL 1999

MR SMYTH (Minister for Urban Services) (6.11): Mr Speaker, I ask for leave to present the Milk Authority (Amendment) Bill 1999.

Leave granted.

MR SMYTH: Mr Speaker, I present the Milk Authority (Amendment) Bill 1999, together with its explanatory memorandum.

Title read by Clerk.

MR SMYTH: I move:

That this Bill be agreed to in principle.

Mr Speaker, I seek leave to have the presentation speech incorporated in *Hansard*. This is legislation being reintroduced.

Leave granted.

The speech read as follows:

Mr Speaker, late last year this Assembly considered the Milk Authority (Amendment) Bill (No. 2) 1998 presented by the Government. That Bill was not supported by the Assembly.

In introducing the Bill, the Government was intending to simply deal with problems in the Milk Authority Act 1971 that were in potential breach of the Commonwealth's Trade Practices Act 1974 (TPA). This related to the roles of the Milk Authority in maintaining a commercial function and contracts with milk market participants and continuing to regulate milk prices and the home vending sector.

Legal advice says this dual role potentially breaches the Part IV Conduct Code of the TPA.

Mr Speaker, since the Assembly's decision to not support passage of the amending legislation, the previous short-term exemptions under section 51 of the TPA expired on 31 December 1998 and the Milk Authority has written to ACT milk market participants informing them that it would not be actioning any matters related to regulating the market. The Milk Authority's action was based on the legal advice and was necessary to minimise any risk of liability by the Authority and its Board members and Secretary to possible TPA action.

Effectively, the ACT now has a deregulated milk market and I believe this is an unintended consequence of the Assembly's consideration of the earlier Bill.

Mr Speaker, the Government, therefore, is introducing the Milk Authority (Amendment) Bill 1999 so that the Assembly can again address the TPA problems in the Milk Authority Act 1971 and maintain a regulatory regime over milk prices and vendor zones in the ACT.

As I stated in presenting the Milk Authority (Amendment) Bill (No. 2) 1998 to this Assembly, the amendments were not an overhaul of the Milk Authority Act nor did it seek to privatise the Milk Authority. It was intended to put into effect those changes that the Government needed to do to maintain the regulatory framework and to protect the Milk Authority from TPA action.

Further, it was not a case of simply seeking a further short-term exemption under the TPA but putting into place a permanent solution to the TPA problem. This necessitated transferring the regulatory functions to Government administration and retaining the role of the Milk Authority as a commercial entity. However, the role of the Authority would be reduced not by design but by necessity.

Mr Speaker, the requirement for this legislative change has not changed, therefore the Government is re-introducing the same legislation in the form of the Milk Authority (Amendment) Bill 1999.

There is one change under this Bill which retrospectively commences the Bill from 31 December 1998 when regulation was effectively ceased. This is necessary to ensure continuity of the regulatory framework for milk prices and vendor zones and licences. This change also ensures that any market participant who may have taken action during the period that regulations were not enforced would not be penalised.

Mr Speaker, the Government is keen to see this Bill debated as soon as possible. However, the inclusion of a retrospectivity clause in any legislation is a sensitive issue and one that members need to consider carefully.

The Assembly previously indicated that it needed more time to examine and understand the original Bill, the Milk Authority (Amendment) Bill (No. 2) 1998. The addition of retrospectivity (from 1 January 1999) and the savings clause in the Bill, provides continuity and certainty in the industry, while protecting industry participants who acted in good faith of market deregulation from penalty under the Act.

For this reason, the Government will be looking very closely at the report of the Scrutiny of Bills Committee when it considers the Bill.

Mr Speaker, in presenting the Milk Authority (Amendment) Bill 1999, I should re-state for the benefit of the Assembly the Government's position on reform of the ACT milk market which involves:

- Firstly, retaining the *Canberra Milk* brand Trademark for the ACT community - the Government has no plans or intentions to sell the brands but is prepared to consider licensing arrangements;
- Second, supporting the continuation of local jobs for Canberrans through the processing of milk at the ACT-based plant;

- Third, retaining the existing price control arrangements which will benefit dairy producers, home vendors and Canberra milk consumers - these can be reviewed as market reforms are introduced by businesses;
- Fourth, retaining the current licensing and exclusive zoning arrangements for home vendors to allow this sector time to undertake a restructuring program - however, this should not continue indefinitely;
- Fifth, maintaining support for the sole ACT-based dairy, Goldenholm - but this can only be achieved while price controls can effectively be maintained; and
- Sixth, retaining a continuing role - although on a reduced scale - for the Milk Authority.

Debate (on motion by **Mr Hargreaves**) adjourned.

JUSTICE AND COMMUNITY SAFETY - STANDING COMMITTEE **Scrutiny Report No. 15 of 1998 and Statement**

MR HARGREAVES: Mr Speaker, I seek leave to present Scrutiny Report No. 15 of the Standing Committee on Justice and Community Safety.

Leave granted.

MR HARGREAVES: Mr Speaker, I present Scrutiny Report No. 15 of 1998 of the Standing Committee of Justice and Community Safety performing the duties of a scrutiny of Bills and subordinate legislation committee, and I ask for leave to make a brief statement on the report.

Leave granted.

MR HARGREAVES: Scrutiny Report No. 15 of 1998 was provided to the Speaker for circulation on Thursday, 23 December 1998, pursuant to the resolution of appointment. I commend the report to the Assembly.

GAMBLING - SELECT COMMITTEE **Alteration to Resolution of Appointment**

MR KAINE: I seek leave to move a motion to amend the resolution appointing the Select Committee on Gambling.

Leave granted.

MR KAINE: I move:

That the resolution of the Assembly of 20 May 1998, as amended on 23 June and 10 December 1998, appointing a Select Committee on Gambling be amended by:

- (1) adding to paragraph (1)(a) “and the report entitled *Gambling and Related Legislation in the ACT: a National Competition Policy Review* prepared by the Allen Consulting Group”;
- (2) inserting the following new paragraph after paragraph (aa):
 - “(aaa) the Gaming and Racing Control Bill 1998 be referred to the Committee and on the Committee presenting its report to the Assembly resumption of debate on the question ‘That this Bill be agreed to in principle’ be set down as an order of the day for the next sitting;”;
- (3) omitting from paragraph (1)(aa) “16 February 1999” and substituting “25 March 1999”.

Mr Speaker, I do this because the committee has before it both those documents. The first one, the Allen report was, in fact, referred directly by the Chief Minister so that we could consider it as part of our inquiry. The second relates directly to the recommendations of the Allen report, and I believe that the Assembly might derive some benefit from our making some comment on it. They need to be formally referred to us. We are writing our basic report, but I think we need an extra couple of weeks to deal with particularly the Gaming and Racing Control Bill, so I am seeking to extend the reporting date until 25 March.

Question resolved in the affirmative.

ADJOURNMENT

Motion (by **Mr Humphries**) agreed to:

That the Assembly do now adjourn.

Assembly adjourned at 6.15 pm until Tuesday, 16 February 1999, at 10.30 am