



LOCAL GOVERNMENT (ACCOUNTABILITY FRAMEWORK) AMENDMENT BILL **3 December 2009**

Mrs PENFOLD (Flinders) (16:19): I advise the house that I am not the lead speaker on this bill. I commend the many people who work and serve in the local government sector. Local government plays a vital role in keeping communities connected and is part of our everyday lives. Local governments in South Australia look after more than \$14.6 billion of infrastructure. In 2007-08, local government spent almost \$240 million on upgrading assets and more than \$207 million on new assets.

Over the years I have represented the Flinders electorate, I consider that I have had a good working relationship with the 10 councils (now eight) that are in my electorate. They are all small rural councils, with the exception of the City of Port Lincoln, and play a pivotal role in dealing with the changes to the environment, the economy, our culture and the everyday complexities of life. The staff and elected members are to be commended for the work they do under what is often difficult circumstances due to lack of resources and their remote locations. Too often governments introduce legislative changes with no consideration given to these under-resourced councils and the 'one size fits all' approach results in additional pressures.

Elected members I speak to all agree that, in the last 10 to 15 years, the number and degree of responsibility for councils and elected members has increased significantly. Community expectations have increased and state government requirements have increased, yet their rate base and staff numbers have not. In spite of that, members of the community continue to put their hands up for what has been a voluntary position and put in many hours and years as elected members representing their communities, with often very little recognition or thanks. I am hoping that now the remuneration tribunal is going to determine elected members' allowances, more people will be encouraged to become a local councillor, as we are seeing fewer people willing to give up the necessary time away from their jobs, families and other personal and community commitments.

Local government is an integral part of our community and its elected members are democratically elected to make representative, informed and responsible decisions in the interests of local communities. Councils continually demonstrate their commitment to their communities and, in recent years, significant governance changes have been made to ensure greater accountability and to strengthen councils' governance systems and practices.

The independent Inquiry into the Financial Suitability of Local Government in 2005 was a turning point. The inquiry, headed by Bill Cossey, found that, in recent years, councils had put current needs of communities ahead of their own sustainability. They were facing major infrastructure backlogs and that all councils needed to improve financial governance to avoid future problems. The inquiry resulted in 62 recommendations, which, commendably, the Local Government Association resolved to support in full or in principle and a task force was set up to oversee the rollout of the program of improved financial governance. It is worth noting that New South Wales, Western Australia and Tasmania have since undertaken similar inquiries.

Led by the Local Government Association, councils have worked hard to reform their financial positions and, for the first time on record, delivered an aggregate surplus for the sector in 2007-08. Local Government Association President, Mayor Felicity-ann Lewis, was reported as stating that it was an important milestone and evidence that councils had improved their financial management particularly as they were also spending a record amount on infrastructure renewal. She acknowledged that the Roads to Recovery program and supplementary road funding from

the Australian government had assisted councils to reduce infrastructure backlogs, and the new community infrastructure program will further help this year and next.

South Australian councils now have strategic management plans which are updated every four years to coincide with elections; long-term financial plans, infrastructure and asset management plans; they publish draft annual business plans (which include their budget for the coming financial year) for consultation; and have established audit committees.

I am aware that, over recent years, the LGA has committed considerable resources to support councils across the state in strengthening their governance systems and practices. They have developed a range of resource materials, including information papers, guidelines, model policies and procedures, backed up by comprehensive training package courses, which are offered to both elected members and council officers across a wide range of relevant topics.

The LGA's good governance assessment program will provide councils with a tool to assess, monitor and report on their own governance practices and performances. As part of this program, councils will also have the opportunity to have their governance self-assessments validated by an independent assessor over the five year cycle.

A good governance panel has been formed to provide another resource for councils to use in dealing with conduct complaints against councils and council development assessment panel members. All this demonstrates that the LGA and its member councils are endeavouring to provide and promote, leading to good practice. The LGA and the councils it represents are, I believe, committed to a strong local government sector and recognise the importance of accountability and transparency. I understand, not surprisingly, that the majority of councils and the LGA support the general direction of the bill, but there were some provisions they strongly objected to.

Overall, it is difficult to argue against provisions which will strengthen the governance framework of a sphere of government and which will reinforce the expectations that that sphere of government will operate with appropriate standards of good public administration. I wonder, though, how much more councils—particularly smaller councils—can do to satisfy members of parliament and the community; and I can appreciate that there are some provisions that councils have objected to. Has anyone taken into consideration the resource implications on councils, particularly the smaller ones, in having to comply with this legislation?

The majority of councils are doing the right thing, but increased legislation and regulation is placing a greater burden on these smaller councils. These changes will result in greater auditing costs and a greater and higher level of documented policies, procedures and practices. What additional support will be provided to assist smaller and rural councils? The bill is reliant on regulations, the details of which are yet unknown. Previous experience with a rollout of the Eyre Peninsula Coastal Management Strategy has clearly demonstrated that the devil is in the detail.

To suggest that local government relies on the state government to do the right thing and recognise that significant effort in time and money has already been made by the councils without local government being included in the procedures, is asking too much. It is essential that the local government sector be involved in the process of developing the regulations. Clause 22 (amendment of section 155—Service Rates and Service Charges) is clearly an overreaction by the minister to the initial concerns of residents about the Yorke Peninsula council introducing an annual service charge to fund its waste collection service.

This clause has the potential to have a far-reaching impact on many councils, and would appear to be somewhat contrary to the government's policy to reduce landfill and the 'user-pays' policy. I would suggest that there is always reaction to what is perceived to be an additional service charge. However, traditionally, bin collection costs have been recovered through general rates, where it is possible that people who do not receive a service paid and where, possibly, higher-valued properties paid more. I understand that, where the service charge is applied, it is calculated by dividing the total cost of the service by the number of properties that receive a service.

The cost of waste management is escalating as councils strive to meet the state government's focus on reducing the amount of waste going to landfill and the number of landfill sites. The levy that councils pay for disposing of each tonne of waste has more than doubled in recent years. In addition, new Environment Protection Authority (EPA) guidelines to reduce the impact of landfill on the environment has increased operating costs, and the amount of waste going to landfill must be reduced.

Smaller regional councils are struggling. The District Council of Lower Eyre Peninsula's annual business plan states:

Waste management continues to be a significant recurrent cost for council. The closure and capping of existing landfill sites and the conversion of the Cummins and Coffin Bay sites to transfer stations is in process. The total cost of the revamped waste management activities is expected to require a 3.2 per cent increase in rate revenues but will provide a service more in line with current day expectations and requirements.

The council, in conjunction with the City of Port Lincoln and the District Council of Tumby Bay, is working to develop an appropriate landfill solution to service the southern Eyre Peninsula community, and it has entered into a memorandum of understanding with a private company to construct and operate a landfill site. I commend these three councils for their planning and forward thinking to provide an acceptable and affordable solution to waste management for many years to come.

The councils are an important tier of democratically-elected governments, and the state government, rather than imposing more legislative controls and taking an increasingly regulatory approach, should be endeavouring to work with the LGA, regional organisations and individual councils towards a more harmonious working partnership. A more streamlined state/local government arrangement would better serve South Australian communities, particularly those in regional South Australia that already struggle with a poor understanding by governments and their bureaucracies of the higher costs and distances that have to be dealt with by the smaller regional councils.

The issue of volunteers was recently highlighted in the *Port Lincoln Times* by the Mayor of Tumby Bay, Mr Graeme Stirling. He stated:

Volunteering has become a hot topic for local councils as they battle to meet legal safety obligations, at the cost of vital volunteer hours...The concern is that under SafeWork SA requirements volunteers need to be inducted and have a council staff supervisor; both come at a cost and additional time to staff and volunteers. This is required even for an individual who wants to rake up leaves on the foreshore or a retired painter who wants to help out painting at the town hall. Any working bees, which are planned for just one day to give people who work time to help, are also a challenge in organising an induction day.

Mr Stirling said on top of this the volunteers were required to wear the appropriate safe work clothing and equipment...'It's becoming ridiculous,' Mr Stirling said of the regulations. In a community such as Tumby Bay there is a large section of people and community groups 'that like to do the work themselves'.

The Tumby Bay Cemetery Upgrade Committee is a group of volunteers that has ensured the upkeep of the cemetery for many years. Over the last 18 months members have done substantial work including a new gazebo for the area. For these men commonsense prevails and many have also had the experience in various industries. Yet they will have to undergo training and work under specified regulations. The regulations also have another effect—the drop in volunteers.

Volunteer John Lawrie said there was one instance where a group of campervan travellers had seen the work being done in the cemetery and offered to lend a hand weeding and for other jobs. Mr Lawrie said under the regulations they would have had to either reject the offered help or ask the travellers [to] spend half a day in induction. Of particular concern to the council is that it may have to employ an occupational health and safety officer, which with that additional cost to ratepayers would almost defeat the purpose of volunteers who donate their time to local projects.

The issues for our local small councils in regional South Australia, particularly on Eyre Peninsula, are ongoing, and we need the support of state and federal governments to overcome some of them.

**Local Government Bill
9 March 2009**

Mrs PENFOLD (Flinders): It gives me pleasure to support this Bill and the associated Bills. At the Eyre Peninsula Local Government Association meeting at Wudinna last week, delegates expressed satisfaction with the way in which the Local Government Minister, the Hon. Mark Brindal, had dealt with local government officers and members in the review of the 1934 Act and the drafting of the Bills now before us. I have been appreciative of the numerous briefings and the two-day seminar that the Minister provided to keep members of the Government informed, with every opportunity to participate in the development of the Bills. The Government's vision for the State includes a stronger, more efficient local government sector which is able to play a key complementary role with the State Government in economic development, ready to meet the challenges of the twenty-first century.

Cooperation is one of the keys to success in a region. On Eyre Peninsula, where there are 10 local government bodies in my electorate, the value of cooperation is obvious. Projects and issues go across local government boundaries and Government departments. Everybody wins when all concerned work together on the outcome. The pooling of local knowledge has far greater advantages in the country than in the city. In the metropolitan area issues have much the same framework no matter where they are, but access to health care for a family living in station country is vastly different from access for a family living in Port Lincoln, and access to health care for a family living in Port Lincoln is different from access for a family living in the metropolitan area.

I have been pleased to see the development of close cooperation between groups of councils on Eyre Peninsula. The councils may not choose to amalgamate. However, the need to work even more closely together in the complex industrial and commercial world of today is essential. I will mention just a few examples. Each council does not have the resources to have an expert on health, labour and industry, development, finance grants, recreation and so on. However, by working together, a person with expertise in one or two of these fields can be utilised by more than one council to the benefit of all. Thus specialist areas can be covered, for in our region of the State it is usually a matter of helping oneself because there is no-one else to call upon.

The plethora of experts and departments that are easily available in metropolitan councils are often conspicuous by their absence in rural South Australia. The new legislation encourages an economically and socially effective system of local government. The value of local government has been demonstrated over many years. Local government on the whole has a good record in economic management. The legislation addresses the need for local government to be accountable to ratepayers and open in its operations and decisions. Volunteers are one of the assets of local government and, in fact, it is only in the past few years that councillors have received remuneration for their services. But councils in rural areas still rely on volunteers for many of their committees.

Much of the social activity in my electorate is organised in areas that equate with local government districts: sport is a classic example. Therefore, a local council plays a significant role in the social life of its community. This is a significant difference in rural South Australia from our city counterparts. A wonderful joint funding venture has just been announced between the District Councils of Streaky Bay, Elliston and Le Hunte. An Active Communities Project Officer has been employed through the Department of Recreation and Sport to promote active participation for all ages throughout these communities.

One of the purposes of the revision of the Local Government Act 1934 is to remove some of the complexity that has built up around it. It seems logical that one set of laws and regulations should cover all jurisdictions. Therefore, locating laws and regulations in the specific legislation that deals with the function is a step in the right direction. This is relevant in traffic management, for example, where States are moving to national traffic codes.

Change is a constant in life today. While the immediate future is covered, the Bills are designed to be flexible enough to accommodate change without a wholesale rewriting of the Act. This allows for certainty, which is essential to good governance. We are hearing more about competition principles through all tiers of government. I quote from the second and final report of the South Australian Constitutional Advisory Council, as follows:

Meanwhile, in October 1992, Mr Keating commissioned Professor Fred Hilmer to chair an inquiry into competition policy focusing on sectors of the economy (such as electricity generation) which had been protected by State jurisdiction from the Federal Trade Practices Act's competition requirement.

A component in the Local Government Act review has been the review of the Act as the competition principles agreement applies. The only restrictions on competition retained in the Bills are those necessary in the public interest. Regulatory powers contained in the Bills include processes to consider the effect that any exercise of them may have

on competition. Some areas identified as having a potential to restrict competition have been included in the Local Government Bill after careful assessment of their costs and benefits to the community. These are: approval of requirements for some uses of public land; professional qualifications for valuers and auditors; and capacity for councils to give rate rebates to encourage businesses. Processes for the adoption of by-laws in future will have to include examination of proposals for competition implications.

In each of these cases mentioned above, the Government is confident that the benefits to the community of the proposed measures outweigh the cost of potential restrictions on competition. The State Government believes in equality of people: therefore, it is appropriate that local government elections form one of the Bills. The principal aims of the Local Government (Elections) Bill are to encourage greater community participation in council elections and to establish fair and consistent rules and procedures which are as simple as possible.

There has been a good deal of discussion as to whether a council should be able to choose the voting system and the system for counting votes to be used in its area. The Government has considered this argument carefully. Certainly, in very many ways, one size does not fit all in local government.

If it did, we perhaps would not need a local government system. The concept of different things being possible in different council areas is a central theme of the new legislation, although this has to occur within a recognised framework. Many rural councils have gone to postal voting for council elections, finding it cheaper than polling booths. It is also easier for those living on farms or in isolated areas, since the voting slips can be returned by post at a convenient time rather than their having to make a special trip to a regional centre.

I acknowledge the input of the Local Government Association in its endeavours to help to implement a more simple set of requirements for the corporate planning provisions. I understand that the association is also working on best practice in corporate planning in a range of council environments. It is anticipated that some of this work will be tailored to assist councils under the new requirements. I commend the local government Bills to the House as a step in positioning South Australia for the new millennium.