LEGISLATIVE COUNCIL

Thursday 23 November 1995

The PRESIDENT (Hon. Peter Dunn) took the Chair at 2.15 p.m. and read prayers.

PAPERS TABLED

The following papers were laid on the table:

By the Minister for Education and Children's Services (Hon. R.I. Lucas)—

Lifeplan—Manchester Unity—General Laws.

By the Attorney-General (Hon. K.T. Griffin)—

Reports, 1994-95—
SA St. John Ambulance Service Inc.
SA State Emergency Service.
WorkCover Corporation of SA.
WorkCover Corporation of SA—1994-95 Medical Services Statistical Supplement.
WorkCover Corporation of SA—1994-95 Statistical Review.

By the Minister for Consumer Affairs (Hon. K.T. Griffin)—

Commission for Consumer Affairs—Report, 1994-95.

By the Minister for Transport (Hon. Diana Laidlaw)—

Committee appointed to examine and report on abortions notified in South Australia—Report, 1994.

QUESTION TIME

WATER, OUTSOURCING

The Hon. CAROLYN PICKLES: I seek leave to make a brief explanation before asking the Attorney-General a question about the water outsourcing contract.

Leave granted.

The Hon. CAROLYN PICKLES: As a result of the contradictory statements made by the Minister for Infrastructure and the Premier yesterday, utter confusion has arisen in relation to the contractual arrangements in relation to the State's water supply. In spite of the grand press conference held by the Minister for Infrastructure and attended by the Premier on 17 October, it is unclear as to when United Water International will achieve the announced 60 per cent Australian equity and whether the company will issue a float. Yesterday the Premier said he had only learned on the day before that United Water Services, the company which will actually operate our water systems, was 100 per cent foreign owned. It is also unclear as to which United Water company will be employing staff transferred from SA Water.

Recently it was revealed that the Cabinet subcommittee dealing with this highly significant project comprised the Treasurer, Premier and the Minister for Infrastructure. Given the size of the contract, the complications of the United Water corporate structure and the proposed arrangements for shareholdings, together with all the other legal aspects relating to the contract which the Government eventually hopes to sign, my question is: Why was the Attorney-General not on the Cabinet subcommittee dealing with the water outsourcing project and is the Attorney-General satisfied with the present and proposed corporate structure of United Water and associated companies?

The Hon. T.G. Cameron: He does not know.

The Hon. K.T. GRIFFIN: I was just making notes to ensure that I could answer the questions raised by the honourable member. I thought at some stage there would be a repeat of the questions which were asked of me last week in relation to EDS. I am somewhat flattered by the honourable Leader of the Opposition's question. I can say that, in respect of this contract, as with a number of others, the important thing from my point of view is that competent legal people are involved in the negotiation process, and particularly in respect of the contractual documents.

The approach taken to the legal aspects of the SA Water outsourcing contract have been much the same as with EDS. We have involved the Crown Solicitor's office, and several lawyers from the Crown Solicitor's office are involved, Mr Robert Martin being the senior officer. We have also had Mr Murphy from Shaw Pittman in the United States, and Mr Trevor Nagel has been involved. You may remember that I mentioned the name of Mr Trevor Nagel in the context of EDS because, whilst a South Australian, he is involved with Shaw Pittman, is based in the United States of America and has had a lot of experience with the outsourcing of contracts in that country. So, the Government took the view that he ought to be very much involved, along with the other members of the legal team, in ensuring that, as far as is possible to do so, every loose end has been tidied up. As far as the United Water issue is concerned, I have not detected any contradiction to which the honourable member referred when she made her explanatory statement.

The Hon. Carolyn Pickles: Read the *Hansard*.

The Hon. K.T. GRIFFIN: Even if you read the *Hansard* there is no contradiction there. The problem is that the Leader of the Opposition is intent upon trying to split hairs and trying to find problems—

The Hon. T.G. Cameron: Split hairs? They contradict each other every other day.

The Hon. K.T. GRIFFIN: They do not contradict each other. The Opposition is intent upon endeavouring to find—

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: The Opposition is intent upon finding some problem with this—

Members interjecting:

The Hon. K.T. GRIFFIN: It is not in the *Hansard*. There is no problem explaining the *Hansard*; it is just that you are trying to create one. Everybody knows that United Water was the preferred—

The Hon. T.G. Cameron interjecting:

The PRESIDENT: Order! The Hon. Mr Cameron.

The Hon. K.T. GRIFFIN: The fact is that everybody knew when it was announced that United Water was the preferred tenderer; that there was to be a period of intense negotiation over a period of about six weeks, as I recollect, from which it was expected that a contract would be finalised. That period has not yet been completed. The negotiations are continuing. The United Water group has a team of lawyers and other experts involved, as has SA Water and the Government.

One would expect that, in the context of negotiations, there will be changes backwards and forwards. The important thing to recognise is that the SA Water contract is a good thing for South Australians, and however much the union movement and the Opposition might seek to paint an erroneous picture of what is happening, as the Government has said on a number of occasions, the fact of the matter is that we are outsourcing the management. The Government

will retain control of the water supply and the sewerage system, and the Government will set prices. The public of South Australia is protected. So far as I am concerned, the negotiation process is still under way. With respect to my membership of the outsourcing subcommittee of Cabinet, I have confidence in the members of that committee and ultimately—

An honourable member: We're not.

The Hon. K.T. GRIFFIN: Well, that's a matter for you. You can make your own decisions about that. I am indicating that I have confidence in the Cabinet committee. I cannot be on every committee.

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: As Attorney-General, I get involved on a number of committees, and the budget committee is one. As members will see next week when I bring in another seven Bills, I have been busy enough as it is trying to keep my part of the legislative program working.

The Hon. T.G. Cameron: Too busy to keep your eye on a $1.5 billion contract.

The Hon. K.T. GRIFFIN: No, I am not saying that. The Hon. Terry Cameron is making mischief as usual and is misrepresenting as usual. The Opposition is intent upon this all the time. Opposition members are losers, and the fact of the matter is that they will latch on anything to bring the State down.

Members interjecting:

The Hon. K.T. GRIFFIN: It is not a new line!

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: The Opposition is constantly starting at shadows, and it is endeavouring to create trouble where there is none. The Opposition is endeavouring to—

The Hon. Carolyn Pickles: You have had Party meetings until midnight on this issue.

The Hon. K.T. GRIFFIN: Meeting? I did not have a Party meeting.

An honourable member: We were here.

The Hon. K.T. GRIFFIN: You were here, I had a—

Members interjecting:

The PRESIDENT: Order! The question was heard in silence. I have allowed a fair bit of byplay, and I suggest that members should listen to the answer in relative silence. The Attorney-General.

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: I do not know who was here at midnight last night. I wasn't. I had a—

The Hon. Anne Levy: We were.

The Hon. K.T. GRIFFIN: Well, if you were, that is your problem. I had a pair.

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: This is a serious issue, and I know that the Opposition wants to seek to undermine a good deal for South Australia. However, as I said right at the outset the fact of the matter is that this contract is still being negotiated. Members will find out in due course what the final form of it will be.

Members interjecting:

The PRESIDENT: Order!

The Hon. R.R. ROBERTS: I seek leave to make an explanation before asking the Attorney-General a question on the water contract.

Leave granted.

The Hon. R.R. ROBERTS: Some weeks ago in a contribution that I made in respect of this contract, the Hon. Legh Davis gave a response: he leapt into a vigorous contribution whereby he berated members opposite in respect of this matter. He actually quoted me, for which I am flattered. He said that I claimed, 'This matter should be subject to parliamentary scrutiny because it might be worth looking at.' He went on to say that the Hon. John Olsen, the Minister presiding over the SA Water partnership, has made quite plain on numerous occasions that the Government will retain complete control. He claimed that they knew what they were doing. He continued:

> In addition the Hon. Ron Roberts . . . had gratuitously insulted his colleagues the Hon. Terry Roberts and Hon. Terry Cameron, both of whom are members of the select committee established by the Legislative Council for the very purpose of examining the SA Water outsourcing arrangements.

Mr Davis was interjected upon—which I deplore—and he continued:

> I assure the Hon. Ron Roberts that his two colleagues have been both enthusiastic and tenacious in their questioning of witnesses . . .

The Hon. Terry Cameron pointed out at that time that there had been only one witness. Mr Davis said, 'It's not quantity but quality, Terry; you'll learn that.'

How right he was, because the quality of the questioning by the select committee has revealed the flaws in this contract. Had it not been for the Hon. Terry Cameron and the Hon. Terry Roberts, these matters would have been whisked away from the sight of the public. In his contribution, the Hon. Mr Davis, because he claimed that senior Opposition members could not understand the basic facts, asked:

> Will the Government arrange as a matter of urgency a briefing for members opposite and interested parties?

What has occurred since then, obviously, in the past couple of days—as evidenced by the *Hansard* contributions—is that even the Premier in the other place has made very clear that he was not sure what was happening and relied on language such as 'as advised by the Minister'—clearly distancing himself.

The next part of this scenario is that we asked in this House why the Attorney-General had not overseen this matter. He has made some attempt to answer that, but I am advised that the people on the contract from the Government side were the Premier, Mr Olsen and Mr Baker—but no Mr Griffin. The questions that I have for the Attorney-General are as follows:

1. Will the Attorney-General immediately convene a briefing meeting of all senior members of the Liberal Party and interested Liberal backbenchers to explain the ramifications of the water contract and the structure of the contracting companies?

2. If he will not do so, will the Attorney consider engaging the Hon. Terry Roberts and the Hon. Terry Cameron as consultants to explain these important matters to the Liberal Party?

The Hon. K.T. GRIFFIN: It was not as good as some of the questions asked of me last week in relation to EDS; at least they were serious questions and received considered replies. The Hon. Ron Roberts is trivialising the issue. He sought to flatter in one respect but delivered a backhander in another. Maybe that is an appropriate way to deal with

Question Time, but it is not the way to ensure that one gets appropriate answers. The comfort that one should be able to take from the select committee is that the Government has not sought to restrict the evidence presented to the committee.

Members interjecting:

The Hon. K.T. GRIFFIN: It does not. The members opposite who are members of the committee have obviously been able to question representatives of United Water; at least, that is what I understand from what I have read in the media.

Members interjecting:

The PRESIDENT: Order!

An honourable member: This would have slipped past you.

The PRESIDENT: The Hon. Ron Roberts has had his chance.

The Hon. K.T. GRIFFIN: I think he is interested in getting his face on some television coverage—

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN:—and also in getting some material on the record through *Hansard*.

Members interjecting:

The Hon. K.T. GRIFFIN: The Hon. Ron Roberts is trying again to beat up the significance of both the select committee questioning by his colleagues and the issue generally. The fact of the matter is that he ought to take some comfort from the fact that there was a select committee; that evidence was presented without any involvement of the Government in respect of the people from United Water; and that information was provided from the committee. But I just make the general observation, which I made in answering the question from the Leader of the Opposition, that the contract negotiations are still being undertaken and the evidence that was given last week is not likely, I suggest, to be the final answer on what may or may not happen.

If members opposite have been in negotiations—and I know that some of them have been in industrial disputation negotiations—they must know even from industrial disputation negotiations that the points of negotiation flow backwards and forwards until there is an agreed position. The United Water contract with SA Water is of course much more complicated than that, and therefore takes a much longer period of time to negotiate.

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: It is still in a state of negotiation and it is not correct for the honourable member to assert that the Premier and others do not know what is in the contract. The fact is that it has not yet been concluded and negotiations are continuing. It is not for me as Attorney-General to convene a briefing for anyone. If the honourable member wishes to arrange a briefing then I suggest, whether it be for him or for members on this side of the Chamber, that what he needs to do is raise that issue with the Minister who has the primary carriage of this matter, and that Minister will be able to deal with it. That is the tradition, that is the form and that is the appropriate course to follow.

WATER, CATCHMENT

The Hon. T.G. ROBERTS: I seek leave to make a brief explanation before asking the Minister representing the Minister for the Environment and Natural Resources a question about community consultation and catchment management.

Leave granted.

The Hon. T.G. ROBERTS: There are two major catchment management programs running at the moment involving community consultation. The major one that everyone knows about, which has been brought to the attention of the Council on a number of occasions, is the water catchment management program being put together for the clean-up of the Patawalonga. A number of community groups and organisations, both in the water catchment management area around Sturt Creek and farther north around the Henley and Grange area, have major concerns about the preferred option that has been developed by the Government in relation to the remediation program that continues down at Glenelg. Farther south around Hackham West, an article in the Messenger *Southern Times* indicates that there is a major pollution problem connected with the Hackham West Creek. Adding that to the Christies Creek pollution problem that was raised in this place some time ago, we can see that much consultation, talk and discussion is going on but there does not appear to be much money hitting the trouble spots to prevent the point source and broad source pollution problems that are occurring.

The Hackham Creek problem has been raised by residents in the area who are concerned that there is a possibility that the Lakeside Leisure Park will have to be closed during the summer because of the dangerously contaminated condition of the creek. It has been put to me that the community consultation processes that have been developed in relation to the legislation that we passed in this place are not coming to terms with this, and that the recommendations that have been made by community groups and organisations are not being listened to, and the people who have spoken to me are concerned that the boards have become nothing but mouthpieces for the development offices that are being put together in two other ministerial offices and away from the environmental Minister's portfolio. My questions to the Minister are:

1. Will the Government give a guarantee that the boards will not be manipulated by ministerial minders and development priorities and that community consultation will be realistic and fair?

2. Will the Government allow the catchment management boards the flexibility to allow the community to have input into setting environmental priorities for total integrated management plans?

The Hon. DIANA LAIDLAW: I will refer the honourable member's question to the Minister and bring back a reply.

EATING DISORDERS

The Hon. SANDRA KANCK: I seek leave to make an explanation before asking the Minister for Transport, representing the Minister for Health, a question about eating disorders.

Leave granted.

The Hon. SANDRA KANCK: Members may have seen a recent article in the *Advertiser* which gave details of how young women wanting modelling careers are having to put themselves on starvation diets and how some even have their floating ribs and back teeth removed to help create a better photographic image. I first became aware of these surgical obscenities at a Women's Electoral Lobby seminar I attended on the topic 'Images of Women' when we were addressed by

a young woman who was the eating disorders project officer of the Eastern Community Health Service. Her presentation evaluated advertising aimed at women, the impact this has on the self-image of women and the effects this has in precipitating bouts of anorexia or bulimia in women and even girls.

I was so impressed with what I heard that when question time came I asked whether she was able to get out into the schools and talk to adolescent and even prepubescent girls about the con job being done on them by the advertising industry. Her response was that they would like to, but that they are limited by funding. I quote from the 1993-94 annual report from the Eastern Community Health Service:

> It has become clear that the one fully-funded full-time position for the provision of a statewide body image and eating disorders based service is unable to keep up with demands from both consumers and health workers. There is no doubt that this position could be expanded to three fully funded full-time positions in order to keep up the demand.

According to the report not only is demand increasing, but funding was reduced at the end of 1993 when additional funding from the South Australian Mental Health Services ceased, resulting in a drastic reduction of one-to-one counselling services.

The annual report shows that the health professionals at the Eastern Community Health Service believe that the training of eating disorders project officers and counsellors across the State must be a priority. As the report says, this would not only help provide more access for people seeking counselling but also make progress in early detection and prevention strategies. I am sure the Minister would be aware of the increasing numbers of young girls and women who have been strongly influenced by the advertising images of women and, despite evidence to the contrary, believe that they are overweight. It is no longer uncommon to find primary school-age girls on diets. My questions to the Minister are:

1. Would the Minister be willing to sit through the same audio-visual presentation I saw to assess the importance and effectiveness of the service?

2. Are there any cost savings to be made by the early detection of eating disorders and other prevention strategies and, if so, what are the costs and savings?

3. Does the Minister intend to increase funding to meet the increased demand for these services?

The Hon. DIANA LAIDLAW: The honourable member gave almost the same explanation on 17 October, but we ran out of time. However, I asked the Minister for Health for a response, anticipating a question the next day. With that, I will do my best in answering as much of the question as possible and refer other aspects of it to the Minister for Health. I will take up the invitation of the honourable member to see this video: I am most interested in it. The advice received from the Minister for Health is as follows:

> The Eastern Community Health Service is responsible for this statewide service. The service comprises specialist counselling, group work, education and training/consultancy, advocacy services, resource development and interagency initiatives. The service liaises closely with the Anorexia Bulimia Nervosa Association (ABNA). The service is staffed by two part-time workers. Requests from health workers for training to assist them in counselling, early detection and prevention strategies for this client group have increased. Recent initiatives instigated by the service staff include:
>
> 1. 'Why weight?' Body Image and Eating Disorders Awareness Week.
>
> 2. Setting up of the Size Acceptance Network—comprising health workers who work with this particular client group.
>
> 3. Established a combined working party with Education and Children's Services for the purpose of getting size acceptance into the school curriculum.
>
> The current staffing of the service is unable to respond to the demands from both consumers and health workers. The Eastern Community Health Service, up until its dissolution, was not in a position to allocate additional funding to this service.
>
> The Eastern Community Health Service was amalgamated with other community health and women's health services operating in the Adelaide central region in July 1995 to form the Adelaide Central Community Health Service. The restructuring of the original services into one coordinated service is currently under way.
>
> The board of the Adelaide Central Community Health Service will be considering the health needs of the communities within the Adelaide central region and will be negotiating a regional service profile for the new service with the South Australian Health Commission in early 1996.
>
> Based on the efficiency outcomes of the establishment of the Northern Metropolitan Community Health Service, it is envisaged that additional service delivery positions could become available within the Adelaide central region towards the end of 1995-96 [which is good news].
>
> The priority for expanding the Body Image and Eating Disorder Service will be considered by the board of the new service in this context. The efficiencies expected as a result of the regionalisation of community and women's health service provides the opportunity to review and enhance the responsiveness of community health services to community needs.

The program which the honourable member has highlighted will be one of those services. At this time demand is greater than the ability to provide the service, but from the Minister's response it is clear that, to date, there is an enthusiasm to try to meet the demand in terms of an additional service delivery position, and that will be considered towards the end of 1995-96. I will refer the other parts of the honourable member's question to the Minister.

WATER, OUTSOURCING

The Hon. T.G. CAMERON: I seek leave to make a brief explanation before asking the Attorney-General a question about the water contract.

Leave granted.

The Hon. T.G. CAMERON: Following the select committee hearing last week, we have seen a series of misleading, confused and untruthful comments being made by the Premier—

Members interjecting:

The PRESIDENT: Order!

The Hon. T.G. CAMERON: —Mr Olsen, Mr Doyle and Malcolm Kinnaird. Clearly, someone is not telling the truth. It now will be necessary for United Water to reappear before the select committee to sort out just who is telling the truth and who is not. Also, it will be necessary to call in the other two water companies to examine the tender process and the criteria under which these companies submitted their bids. My questions are:

1. Can the Attorney-General assure the Council that his office will carefully scrutinise any final contract entered into between SA Water and whichever company is finally put up by United Water to enter into the contract? I know that he has been busy, but this contract does involve $1.5 billion worth of public money.

2. Can the Attorney-General assure the Council that all bidders were forced to abide by the tender conditions, and that no company, specifically United Water, was given any special considerations or exemptions from these conditions?

The Hon. K.T. GRIFFIN: I take grave exception to the bald statement that the Premier and others have been untruthful. That is just not correct, and I refute it absolutely.

That is point one, and I think it ought to be clearly on the record, up front, that it is wrong, wrong, wrong.

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN: So far as the legal advice is concerned, I did indicate in my answer to the Leader of the Opposition's question that we do have a legal team in place. It comprises representatives from the Crown Solicitor's office and includes, I think, Mr Murphy from Shaw Pittman, and Mr Trevor Nagel, who have been brought in to give some advice on it because of their own experience with large outsourcing contracts in the United States of America. That is a competent team that is working hard on the contractual arrangements which will lock in the parties to the ultimate outsourcing contract.

The fact is that there are always various forms that one can follow in terms of contracting, whether it be by guarantee or by principal contract. There are frequently side guarantees and side contracts. Quite obviously, there will have to be contractual arrangements with the Government in relation to economic development conditions which have been imposed as a consequence of the calling for the bidding. The fact is that the contractual arrangements will be finalised in a form which gives complete protection, as far as it is ever humanly possible to give that protection, to both the Government and the taxpayers of South Australia. Any legal team which represents a client has that obligation. It is no different from the contracting in relation to EDS as it is in relation to the sale of BankSA as it is in respect of the outsourcing of SA Water in respect of management of the metropolitan water distribution and sewerage system. In all those circumstances, there is a competent team in place. They are doing the work, and members will be able to find out ultimately what the nature of the contract might be.

In terms of the issue of the bidders, whether they all in fact complied with the tender requirements, I certainly have no information that suggests otherwise. In all the contracts, whether it is in relation to outsourcing the prison management at Mount Gambier, whether it is in relation to the tenders for BankSA, the Government has some very strict requirements in place which both Government and tenderers are required to comply with. We are very sensitive to the issue of propriety. We are very sensitive to the fact that the Auditor-General has an ultimate scrutinising responsibility for any arrangement involving Government assets. In those circumstances, no Government would wish to not have in place appropriate mechanisms for providing the sorts of safeguards which the public interest requires.

I know of no basis upon which one can assert that United Water or any other tenderer in respect of this contract was not compelled to comply with the tender arrangements. As far as I am aware, they all complied or were required to comply with the tender framework, and a proper and appropriate mechanism was in place for dealing with those tenders. That is the information which I have. Nothing has been drawn to my attention which suggests anything to the contrary. If the honourable member has some information which he wants to impart, then he is at liberty to do so, but no-one has raised any of those sorts of issues of impropriety or otherwise in respect of this tender or contract negotiations.

The Hon. T.G. CAMERON: As a supplementary question, I can accept that the Attorney-General—

The PRESIDENT: Order! No explanation.

The Hon. T.G. CAMERON: Will the Attorney-General check with the Minister to ensure that no companies were given an exemption from the tender process?

The Hon. K.T. GRIFFIN: I will raise that issue with the Minister, but I do not want my answer to then be construed mischievously by the Opposition that there is some concern with it. As members know, whenever questions are asked that involve another Minister's area of responsibility, we are always only too pleased to refer those matters to the relevant Minister. As I have been asked by the honourable member to refer it to the honourable Minister and bring back a reply, I am certainly prepared to follow the normal practice and do so.

ROAD FUNDING

The Hon. CAROLINE SCHAEFER: I seek leave to make a short statement before asking the Minister for Transport a question about funding for State roads.

Leave granted.

The Hon. CAROLINE SCHAEFER: An article in this morning's *Advertiser* states that the State's roads are ageing and, according to the RAA, are in urgent need of extra funding. Some of the points raised in that article are that road funding peaked in the 1960s; there have been additional staff cuts almost ever since; and that there has been no change in funding from fuel tax since 1983—it remains static at $25.7 million. I quote from the article:

> A department spokesman, Mr Arndrae Luks, said yesterday some roads were nearing the end of their useful lives and this was being planned for. . . It was planned to put funds aside for road replacements.

My question to the Minister is: what plans and what funds are in place?

The Hon. DIANA LAIDLAW: I do not have all the information that the honourable member has sought in relation to this question, but I will bring back a reply promptly, because the questions are important. Certainly I can confirm that planning has been undertaken in the past year within the Department of Transport in terms of road replacement. In the meantime, greater effort has been made in the last 18 months for asset preservation, and it is the department's understanding that, with this greater emphasis on asset preservation, we can extend the life of our roads so that their replacement will not be necessary (as was earlier planned) on the same timetable. So, we can extend the life of the road with more emphasis on preservation, and therefore the huge amount of money required for replacement can be extended a little beyond the current timetable. In that respect, I can advise that in 1994-95 the department spent $92.897 million on road asset preservation, and this financial year we found an extra $2.9 million for road asset preservation, with an allocation of $95.786 million.

It should also be noted in the meantime that, with what is fair to describe as radical change within the Department of Transport and the way in which it does its business, the number of employees is being cut by half to 1 300. That does not mean that the amount of work undertaken for the taxpayer's dollar is being reduced. In fact, what we are doing is making sure that the work done through the department observes a funder model rather than a provider model to ensure that there is more money for road making in this State.

A sum of $212 million will be spent on road asset preservation and road construction in total dollar terms this financial year. That is a $21 million increase over the

previous financial year, when $191 million was spent. So, while we are reducing the staff numbers within the department, we are in fact increasing the dollar value that is going to road purposes in this State—for asset preservation and for construction of new roads—and we are seeking to extend the life of all those roads so that we do not have to commit the funds for replacement costs at present. However, plans are being made for that road replacement, and I will seek more information on that matter for the honourable member.

WATER, OUTSOURCING

The Hon. T. CROTHERS: I seek leave to make a statement before asking the Attorney-General questions about South Australian law and its present application to certain aspects of litigation.

Leave granted.

The Hon. T. CROTHERS: Thames Water PLC is registered in London and therefore operates under British law, which emanates out of the Westminster parliamentary traditions, whereas CGE, or, if you like, Compagnie Generale des Eaux, is registered in France, which means that it operates under French law, which in its turn emanates from the Napoleonic Code. At present we are not sure whether United Water International and United Water Services are contractors with SA Water and, therefore, whether they are indeed subcontracting or whatever. Moreover, we have been assured by the Premier and Minister Olsen that Thames Water and CGE will stand behind their contract with the State Government and indeed that this will be a condition of the contract. Despite all that, my advice is that, in the event of any litigation being mounted against Thames Water, that company would have to be sued under British law which, in fairness, recognises British registered companies operating overseas. However, if the action is taken against CGE, that company, which is registered in France, would have to be sued under French law.

The Hon. A.J. Redford interjecting:

The Hon. T. CROTHERS: Well, you wouldn't know. You have never been out of Bowden. In France, I am advised, French law (listen and learn, Mr Redford) does not recognise French registered companies operating overseas. Of course, we all know how much attention the French Government pays to international opinions. The ongoing nuclear testing at Muroroa Atoll is stark evidence of that. Therefore, my questions to the Attorney-General, as the premier law maker of this State and a member of the current State Government, are as follow:

1. Are the answers given by the Premier and Minister Olsen in respect of the contractual responsibilities of both Thames Water and CGE legally enforceable under Australian law, relative to any legal actions taken against them by SA Water or consumers?

I was going to leave it at that, but I note that, in his answer to an earlier question from the Hon. Mr Cameron, the Attorney alluded to the fact that a provision would be written into the contract that would ensure that both United Water and CGE could have actions for litigation mounted against them in South Australia.

2. Just in case the Attorney stipulates in his answer that a clause in the contract ensures that both companies can have litigation mounted against them here, heard here, or whatever, does he agree with me that any punitive damages awarded against them cannot be legally collected here if either or both companies decide that they will not pay?

3. Does the Attorney agree with me that, if this be the case and the contents of the previous two questions stand the litmus test of truth under our current law, this puts the cost for the average ordinary working class consumer almost out of reach in respect of any court action they might undertake?

The Hon. K.T. GRIFFIN: The normal rule of private international law is that one determines what is the appropriate law of the contract, if it is not specified in the contract, and may then sue in the relevant jurisdiction. It is not correct that, when carrying on business in South Australia, Thames Water is covered by United Kingdom law in so far as it enters into contracts within Australia. Nor is it true that if CGE were to undertake contracts in Australia it would be covered by French law.

The fact is that if they are carrying on business in Australia they are bound by the law of the jurisdiction in which they carry on business, whether it be South Australia, New South Wales, Victoria or otherwise. In relation to the SA Water contract, I would expect that it will contain a provision which stipulates that all the relevant parties, whether by way of contract, principal contractors or otherwise, will submit to the jurisdiction of the courts of this State.

The Hon. T. Crothers: You only expect that to be the case; you cannot guarantee that.

The Hon. K.T. GRIFFIN: I expect that that would be the case.

The Hon. T. Crothers interjecting:

The Hon. K.T. GRIFFIN: I do not think the honourable member ought to make too much of that. I am saying what I would expect to be the position and, as I said earlier, the contract is still the subject of negotiation. I would expect that the parties will be required to submit to the jurisdiction of the courts of this State and that the contract will be governed by the law of South Australia. That would be the logical position.

That is in fact the position in relation to the EDS contract. The Premier made a ministerial statement on Tuesday and it was tabled in this House. Among other things it indicated that the contracting parties had in fact submitted to the jurisdiction of the courts of this State. My recollection is that the law of South Australia applies to a contract entered into with the South Australian Government. So, the contracting parties to the contract would be bound by South Australian law.

The second question the honourable member asked is whether litigation could be taken here and, if it could and if any punitive damages were awarded, whether they could be collected here if CGE and/or Thames Water refused to pay. Certainly, litigation could be taken here in the courts of South Australia for breach of the contract if that were the case. The rule of contract is that, if the parties to the contract assert that there is breach, provided they followed the provisions within the contract relating to remedying breaches or dealing with default, they are able to sue. It is only the contracting parties which sue for breach of contract.

The Hon. P. Holloway: Will they put up a bond like EDS?

The Hon. K.T. GRIFFIN: The fact is that it is still being negotiated. I indicated in my earlier answer that the team that is representing the Government will be working, as far as it is humanly possible to do so, to tie up every loose end in respect of this contract. As I said in relation to the EDS contract when I was asked questions last week, there is no amount of ingenuity which exercises the minds of lawyers and litigants, and there is no amount of crystal ball gazing or

even precedent that can ultimately tell one how courts will interpret some ingenious point that might be raised.

An honourable member interjecting:

The Hon. K.T. GRIFFIN: Well, that is human nature. The honourable member knows that it is human nature. The human language is always subject to differing interpretations, depending on the person's experience and the context in which it appears.

The Hon. Anne Levy interjecting:

The Hon. K.T. GRIFFIN: He asked a question and he is going to get an answer, and he keeps interjecting. I know that the Hon. Anne Levy is anxious, but the Hon. Mr Crothers keeps asking me questions, so I am giving him an answer.

Members interjecting:

The PRESIDENT: Order! I suggest that the Attorney-General should ignore those questions until the honourable member puts them properly.

The Hon. K.T. GRIFFIN: It is a stimulating debate, Mr President, and I always like to develop the arguments raised by the Hon. Mr Crothers and to put them on the record. So far as his third question is concerned, I was not quite clear exactly what he had in mind when he talked about consumers and the ordinary person. Whether it relates to this issue or to the provision of services or any other, ultimately, the State Government retains responsibility on behalf of the people of South Australia, and it is—

The Hon. T. Crothers: Taxpayers' money may be paid for some fault of the contracting company by the State Government, surely.

The Hon. K.T. GRIFFIN: What the Government has and what the Government spends belongs to the taxpayers of South Australia, and we are charged with getting value for money and the best deal possible, and to provide a good quality service. That is what we are trying to do in relation to water. I have said before that the Government retains control over the water pricing and the assets, and manages the contract, and they are doing work for us. It is as simple as that. I hope that has answered the honourable member's questions.

The Hon. T. CROTHERS: I have a supplementary question. In his answer to me, the Attorney-General referred to matters as ongoing. Therefore, *apropos* my two questions, can the Attorney-General guarantee to this Chamber that both Thames Water and the French company will be dealt with in such a manner that there will be an absolute guarantee by the Government that they will be within reach of Australian law? Can the Attorney-General absolutely guarantee that?

The Hon. K.T. GRIFFIN: That is certainly the Government's intention. The honourable member tries to do what others do, that is, to cast everything in stone.

The Hon. T.G. Cameron: I would have thought that it was a simple 'Yes' or 'No.'

The Hon. K.T. GRIFFIN: It might be simple for the honourable member opposite. However, he has been in business himself and he knows what the vagaries of the law are, what human ingenuity might be and what human nature may seek to develop. In those circumstances—

Members interjecting:

The PRESIDENT: Order!

The Hon. K.T. GRIFFIN:—no-one can ever get absolute guarantees. I can tell you that the best endeavours of the Government are directed towards ensuring that there are no loopholes for CGE, Thames Water, or anybody else to escape contractual liabilities.

BOLIVAR DEVELOPMENT

In reply to the **Hon. T. CROTHERS** (12 October).

The Hon. K.T. GRIFFIN: The Minister for Industry, Manufacturing, Small Business and Regional Development and Minister for Infrastructure has provided the following response:

1. South Australia is a signatory to the Government Procurement Agreement which provides for equal access from all States to contracts outside their borders. Such a policy ensures the Government can select the most competitive bid on tender.

   Whilst there is no policy providing explicit preference to South Australian manufactured products, several policies (eg the Government's Guidelines for Private Sector Provision of Infrastructure) require local suppliers to be given the opportunity to bid for work based on merit (eg cost and quality).
2. The Commonwealth and State Governments jointly have made some $10 million available to support the project through the Building Better Cities Program. It is expected that the difference between Government support and the estimated total cost of the scheme will be funded commercially. As tenders have not been called and evaluated, it is premature on this basis to provide further comment.
3. Any South Australian Government initiatives which assist employment are welcome.

HINDMARSH ISLAND ROYAL COMMISSION

In reply to **Hon. ANNE LEVY** (11 October).

The Hon. K.T. GRIFFIN: Under Section 13 of the Royal Commissions Act 1913, persons giving evidence before a Royal Commission are entitled to be represented before the Commission unless the Commissioner otherwise directs.

Government funding is only provided for the purpose of providing legal advice and services enabling the giving of evidence and submissions to the Royal Commission. The Government has not given any blanket approval for the provision of funding to anyone. It has consistently taken the position that it will not consider requests for funding to meet legal costs of persons appearing before the Royal Commissioner unless it has received advice from her that she would be assisted if such funding were provided. The Government has considered that it is the Commissioner who is in the better position to decide whether any person's interests require separate representation from other parties.

After considering any such advice from the Commissioner, the Crown Solicitor has, with my approval, negotiated various agreements to fund the legal representation of particular groups or individuals before the Commissioner. The amount of funding in each particular case has been determined after careful consideration of the extent to which separate representation of particular persons is necessary and the appropriate size of the legal team required. In some cases, a lump sum payment has been made to counsel, but in most cases a daily rate for counsel has been negotiated.

To answer your specific questions:

1. Most counsel appearing before the Royal Commission are funded by the Crown. Those who are not so funded are counsel for the Minister for Aboriginal and Torres Strait Island Affairs, for Mr Ian McLachlan MP, for the Aboriginal Legal Rights Movement and for Binalong Pty Ltd.
2. As I stated to the Council on 11 October, the maximum rate of pay for senior counsel is $1 350 per day and junior counsel $800 or $900 per day, depending upon the circumstances. The funding may be terminated at any time and will terminate on 15 December 1995, or such earlier date as the particular party makes its final submissions to the Commission.
3. A standard condition of approval of funding is that counsel or their clients do not accept funding from any other source, either for the purposes of the Royal Commission or for any proceedings in connection with the Commission. However, I have approved a variation of this in relation to two journalists whose employer has agreed to cover additional legal costs.

HOUSING CO-OPERATIVES (HOUSING ASSOCIATIONS) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 21 November. Page 491.)

The Hon. T.G. ROBERTS: The Opposition supports the initiatives in the Bill and, although some delegations have been to see me about the content of the Bill, the shadow spokesperson in another place has indicated that there are no major concerns with the initiative and that the Bill will facilitate the measures that are contained in it. The housing associations have had broad consultation with the Government, with the shadow spokesperson and with other members of the Opposition and they are happy to see the Bill pass.

Some concerns were indicated to me as late as yesterday—and I apologise for not processing the Bill yesterday—but the delegation that came in had concerns about the wording of the Bill and, although I was not able to iron out all their concerns, I think that the benefits that are inherent in the Bill far outweigh any of the concerns that may develop. I understand that further consultation or contact with the housing associations and others will take place as the implications of the Bill unfold.

The development of housing cooperatives and funding arrangements have been a longstanding program that has been supported by a series of Governments emanating from the time of the Hon. Murray Hill, who served in this place with dignity over many years. It has been a bipartisan approach to providing alternative housing stock for a wide range of people in the community, and such support for this project is good.

The Hon. Sandra Kanck: Even tripartisan support.

The Hon. T.G. ROBERTS: Yes, tripartisan support. The Hon. Sandra Kanck reminds me that the Democrats are major supporters of housing cooperatives and housing cooperative investment strategies. We support the Bill.

The Hon. DIANA LAIDLAW (Minister for Transport): I thank honourable members for their contribution and for the tripartisan support for the Bill.

Bill read a second time and taken through its remaining stages.

LOCAL GOVERNMENT (BOUNDARY REFORM) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 22 November. Page 556.)

The Hon. M.J. ELLIOTT: I support the second reading of this Bill. I must say that I welcome the opportunity to speak with *Hansard* here, as that is the one place you can guarantee that things go on the record accurately: you certainly cannot rely on such bodies as the *Sunday Mail* through which to relay information to the public.

The Democrats support the Bill, but do not support it in its entirety. The Democrats see great merit in amalgamations in a number of places and in the potential for achieving rate reductions. When the Liberal Party went to the last election, it had a policy on local government. I must say that I find its policies very useful to refer to when I confront legislation. It was very useful when we handled WorkCover, and when we dealt with industrial relations, because we ensured—and have ensured—that Liberal Party policy has been followed.

An honourable member: Heaven forbid!

The Hon. M.J. ELLIOTT: Now we hear a Liberal Party member saying 'Heaven forbid'! If one took the time to read the Liberal Party policy—although it is now proving that reading the policies is not useful in terms of what it intends to do, but in terms of what it told the public it is still worth reading—one could see it had five major points, and I quote:

· Convene an early meeting between the Premier and the Local Government Association to establish a basis for ongoing consultation.

An honourable member interjecting:

The Hon. M.J. ELLIOTT: Yes, an excellent policy—you would always vote for a policy like that. It continues:

· Support untied grants to local government;
· Encourage local government to provide housing programs for youth and elderly citizens;
· Support the concept of integrated local area planning;
· Set up intergovernmental administration links to oversee issues such as stormwater management and its re-use where possible.

In relation to dot point number five, it has made some progress; I am not sure about dot points two, three and four. If anything, in its current direction, this Bill does not necessarily help with local integrated local area planning although, theoretically, it makes it possible.

The Hon. T.G. Roberts: Number five was already in place.

The Hon. M.J. ELLIOTT: That is right; five was already on the run. Point number one referred to ongoing consultation. When most people talk about consultation, it does not mean doing everything that somebody asks—and local government would not expect that—but it means that you engage in meaningful discussion, that you seek to understand the other person's point of view, and that you genuinely take it into account as you move forward. There is no suggestion whatsoever in relation to this Bill that there has been genuine consultation. There is no hint that there has been genuine consultation in terms of listening carefully, understanding, and then taking into account what was said. What has happened is that certain persons decided what they wanted at the beginning and have not moved from that course. They have introduced legislation which is not the product of genuine consultation. That aside, if one cares to read through the more detailed policies of the Liberal Party, there is not a hint of what is contained in this legislation.

I have been appalled that the Minister has been bagging the Local Government Association, and in particular bagging senior administrative officers of the Local Government Association and suggesting that they are running a campaign against his Bill, and that they are not speaking on behalf of local government. I want to put on the record a letter that I received from John Ross, the elected President of the Local Government Association, written to me today:

Dear Mr Elliott, I appreciated the opportunity to meet with you today to discuss councils' concerns in relation to the Local Government (Boundary Reform) Amendment Bill and the Local Government (Finance Authority) Amendment Bill. I also appreciate the discussions which you have had with officers of the association as I am unable to be in Adelaide full time.

I understand he lives in the Upper South-East. He continues:

Given statements which have been made recently, I wanted to confirm in writing to you that the actions of the officers concerned, primarily Mr Jim Hullick, Ms Wendy Campana, and Mr Chris Russell are explicitly at the direction of policies and resolutions of the LGA executive committee, the annual general meeting of the LGA, and the member councils. You are aware of those resolutions and policies.

And might I add, so should be the Minister. The letter continues:

I keep in contact with the officers concerned mostly on a daily basis and can indicate that they have my complete confidence. It is the policy of this association that we work with the Government of the day, but where the Government is not supporting our position that we work with the parliamentary process to achieve councils' objectives. It is unfortunate, given the support which we have from councils, that the Government has chosen to take a substantially different direction. I appreciate your support on the key aspects of these Bills as, while we support much of the intent—

and I stress that—

there is an unnecessary degree of State intervention and some lack of understanding of the practical impact on councils in a range of provisions. Should you wish to do so, do not hesitate to contact me directly on any matter related to local government or the LGA.

Yours sincerely, John Ross, President.

Let the Minister no more go around this State speaking to various people saying that the people who have been speaking on behalf of the LGA—the officers of the LGA—are not speaking on behalf of the association itself. They are speaking quite clearly and explicitly on the directions that are being given to them by the LGA, by its executive, and also by its annual general meeting. Immediately following the annual general meeting a press release was given on 29 September, and I quote:

South Australia's Local Government Association has reacted angrily to the release of the Local Government (Boundary Reform) Amendment Bill accusing Minister Oswald of treating local government and community views with contempt. Acting LGA President, Councillor John Ross, said that the association had generally supported the Government's thrust for reform to date, providing advice and information to achieve a joint State-local approach to sensible reform strategies. 'We now find that the vast bulk of what we have provided has either been ignored or used to achieve different purposes,' Councillor Ross said. 'In its current form this Bill will achieve an unholy political and intergovernmental mess in the lead-up to the 1997 local government and State Government elections.' It is a Kennett-style approach in sheep's clothing which treats the electorate with disdain and contempt.'

I could go further, and I assure members that the rest of the release is no more supportive of the Minister's position, but the point to note is that the Local Government Association has supported the Government's thrust for reform. As I go round talking to local government, the overwhelming majority of local government people say 'Yes, we believe there is a case for reform.' What they object to is the manner in which this is being carried out.

We did think that we had a partnership in South Australia between local government and State Government, but that quite clearly is not the case at this time. It is a partnership that has been scuttled by the Minister. On 27 October the Local Government Association put out a release following its AGM. It is worth noting what it said in the release, because now this is not just the Executive Officers; this is not just the President; not just the executive; we are now talking about the annual general meeting of local government and what it had to say. I quote from the release as follows:

The position of the Local Government Association Executive was today given unequivocal backing by the association's annual general meeting. About 400 delegates at the meeting heard an address from Minister John Oswald regarding the reform Bill he introduced into Parliament earlier this week, and then adopted a critical position recommended by the Executive without dissent.

I stress that this was 400 delegates and they adopted the motion without dissent. The release continues:

In particular, the motion expressed the view that State Government should not tell communities what should be done with savings from the reform process, leaving open the alternatives of rate reductions, retirement of debt or new/improved services. The motion carried read:

That the LGA continue to support the program of local government reform, based on partnership between the State and local governments and seek the support of members of Parliament to the following:

(a) Oppose the level of State intervention proposed in the legislation, in recognition of local government's local accountability and democratic basis;

(b) Reject the State seeking to place itself between local councils and their electors in relation to the setting of rates and the standards of service;

(c) Support the Government's objective of achieving savings from local government reform within the context of public sector reform in South Australia;

(d) Support local accountability measures (including specific annual reporting requirements) to ensure that the real benefits brought about by reform are passed on to the community (i.e., rate reduction, retirement of debt and increased/improved services or a combination of these);

(e) Support amendments which take into account practical implications for newly elected councils (May 1997) to deliver comprehensive business and financial plans in consultation with communities in time to set rates for the 1997-98 financial year (July 1997);

(f) Support the LGA's position in relation to other key areas of concern in the legislation, including judicial accountability of the proposed board, poll provisions applying to all affected electors consistent with the resolutions of State Executive 21/9. The LGA Consultative Group undertake appropriate review and consultation around the key issues.

An honourable member interjecting:

The Hon. M.J. ELLIOTT: Yes. Here we have a Local Government Association that is fully supportive of reform, and it is making a couple of key points of opposition to the legislation—the same points that the Democrats have picked up and that the Labor Party has picked up. The only people who have not picked them up appear to be the Minister, his advisers and Mike Duffy in the *Sunday Mail*. Everyone else seems to understand what this is all about, but there seems to be a very small number of people who do not understand. Unfortunately, they happen to be in a very sensitive position—particularly the Minister. I have in my hands right now a wad of letters sent from councils. Every letter I have received—

The Hon. Diana Laidlaw: What is a wad?

The Hon. M.J. ELLIOTT: Do you want me to read them all? I can assure you—

The Hon. Diana Laidlaw: What is a wad?

The Hon. M.J. ELLIOTT: It is a large number of letters. It must come to some 40-odd pieces of correspondence, but the important point is that not one of them is supporting the Government's position. Not one is writing to me saying 'Please support the Government in doing these things.'

Members interjecting:

The Hon. M.J. ELLIOTT: I can tell you that no council has written to me supporting the Government's position. If they do—

Members interjecting:

The Hon. M.J. ELLIOTT: To my knowledge I have not received one letter from a ratepayer saying 'Please let it through.' I think my office has received two phone calls in support of the Government's position. That is the total.

Members interjecting:

The Hon. M.J. ELLIOTT: I do not know where they were made from, but there were two phone calls, and that is the sum total—

The Hon. T.G. Cameron: That is the oldest trick in the book, though.

The Hon. M.J. ELLIOTT: Yes, they worked those two phone calls up. They probably had their whole membership wound up and got two phone calls out of it. It is usual when you have pieces of legislation where there is genuine division in the community, as I saw with WorkCover and with industrial relations, that you get large amounts of correspondence supporting what the Government is doing and saying 'For goodness sake, don't stop it,' and a large number saying 'They're doing dreadful things; for goodness sake, stop it.'

The Hon. Diana Laidlaw interjecting:

The Hon. M.J. ELLIOTT: No, what I am telling you is that I am getting correspondence and phone calls all saying that the Government has got significant components of the Bill wrong, and I have a total of two phone calls—and, I suppose, one article in the *Sunday Mail*—telling me that I have got it wrong; telling us that the Democrats have got it wrong, that the Labor Party has got it wrong and, in particular, telling the Local Government Association and its members that they have got it wrong. I tell you: it is the Minister who has got it wrong. How long will he take to wake up? How slow is he? If I speak more slowly in *Hansard* will he understand it better? That is what I do not know. We can only hope. Perhaps he can get someone who can explain it to him.

Concern has come not only from local government circles and ratepayers but also from the Law Society, which wrote a very strong letter, particularly in relation to proposed section 22A. I had a letter not only from the Law Society itself—

Members interjecting:

The Hon. M.J. ELLIOTT: The one thing that can be guaranteed is that you can usually get a lawyer who will agree with you, at a reasonable fee sometimes, although I am not sure whether the reasonable fee is correct. In this case, this is the Law Society as a whole and without fee, so I suppose one might take slightly more notice than one would if they were pleading a case in a court.

The Hon. R.D. Lawson: They have consulted their members as much as councils have consulted their ratepayers.

The Hon. M.J. ELLIOTT: So, you are slamming the Law Society, Mr Lawson?

The Hon. R.D. Lawson: Yes, indeed.

The Hon. M.J. ELLIOTT: I'm glad that's on the record.

The Hon. Diana Laidlaw: It's also on the record that you and the Law Society agree with me about—

The Hon. M.J. ELLIOTT: We have our moments. But I do not think there have been too many occasions on which I have had to disagree with local government, and it certainly will not be such an occasion now. I guess it is time to look at the Bill itself in specifics, rather than making it quite plain that the Government can claim no policy mandate in that it gave no indication to the voters beforehand that it was going to do what it is doing. Despite that, I believe that the overwhelming majority of people support much of what the Bill is trying to achieve. We are supporting that, and I believe the Opposition and the Local Government Association is supporting it.

There are just a couple of anti-democratic, dictatorial components of that legislation, very heavy handed stuff, that cannot be justified in any way; that cannot be accepted from a Government that says it is going to be accountable; that cannot be accepted in a democratic society; and it is those components which we will tackle very vigorously and which we will not move on: they are absolutes. I will not go through a clause by clause analysis but will focus on some of the more significant issues contained within the legislation.

The first is on the question of amalgamations. I can certainly think of a number of cases where I personally feel that an amalgamation would be fully justified and any reasonable analysis would say that amalgamation should occur. But I take the view that local government is a democratic tier of Government and, as such, it does not matter whether I personally think that the amalgamation is a good thing or whether the Minister thinks that that particular amalgamation is a good thing. The first question is whether the people who pay the rates for that council think that it is a good thing and, if they say that it is not a good thing, that should be the end of it, and we will later get to the question of how we decide whether or not they think it is a good thing. It is an issue we will confront later.

If there is an overriding State interest to override another democratic tier of Government, how should it occur? If an overriding State interest is to be used, it should not be put in the hands of an unaccountable board or a Minister but ultimately the democratically elected Parliament should have that final role. I do not accept that the Minister alone should have the final say as to whether or not an amalgamation will or will not occur. The Parliament should ultimately do that.

That does not mean that every amalgamation proposal needs to go past the Parliament; it can be handled in a fashion similar to regulation. About 99.9 per cent of regulations are not debated in this place. As a matter of course they are debated when there is a claim of a major problem within it and then Parliament decides whether it wishes to use its discretion to involve itself in the debate and ultimately whether it wishes to overturn a decision made. The State Parliament would be reluctant to intervene in such a case unless it felt that there was a real and genuine problem with a proposed amalgamation.

If Parliament has that capacity, the board and the Minister, knowing that Parliament is there, will be far more scrupulous in their use of the powers that would otherwise have been unfettered. If there is to be amalgamation, the decision is to be made locally in the first instance. If there is to be an overriding of local view, it should not be the board or the Minister that ultimately has the power: it should reside with the other democratic level of Government, namely, the Parliament itself.

Much of the leg work to be carried out under this legislation will be carried out by the board. Because the board is put there by the Minister, there will always be a great deal of suspicion about it. From the start there will probably not be confidence in it. If a couple of local government bodies are talking with the board and the board is talking about an amalgamation, they will probably go in there assuming that it is all a foregone conclusion, that the board is there on a mission or on instruction. There will not be a great deal of confidence in it. The very fact that the board and the Minister ultimately will not have the power but the Parliament will, will immediately put the board in a quite different position in that the board to some extent is turning into something that is genuinely advisory.

The Bill treats it as advisory, but it will turn into a genuinely advisory board. The moment it gets into that position, local government will treat it and react to it very differently. We will be in a position where we will not have the board with the Minister being seen as being against local government but the board can actually be in a position where it is working with local government and working with the

Minister. Certainly if we see it seeking to facilitate change, but in an intermediary role, it will work far more successfully.

Another important determiner about how well it will carry out its role is the composition of the board itself. The Minister has already appointed the Executive Director of the board, although such a position does not yet exist. He has appointed Mr Ian Dixon. From what I have heard, he is a truly delightful gentleman. He graduated in civil engineering in 1973, spent much of his career working in the South Australian State Government and has been quite successful. He has been a marketing engineer with Mobil Oil Australia Limited.

In the mid 1980s he returned to the State Government, has undertaken a broad range of roles including operational management, contract administration, engineering development, quality management, and strategic policy work for several Government agencies. He is a Fellow of the Institution of Engineers Australia and an Associate of the Institute of Arbitrators Australia. In his previous position as Deputy Chief Executive of the Department of Mines and Energy he had carriage within Government of several major projects, including the proposed expansion of the Olympic Dam mine. He has been appointed to the position of Executive Director of Local Government Reform.

An honourable member interjecting:

The Hon. M.J. ELLIOTT: He sounds like an excellent fellow. I understand that not long after his appointment he was meeting with people from local government. Someone asked him how many people he thought worked in local government. His response was '50 000 people'. For those who do not know, the correct answer is about 7 500 people. A person who had just been appointed to be in charge of local government may have just realised that seven eighths of his work had already been done because he thought he had 50 000 people to work with when in fact there are only 7 500, so there has been significant downsizing already. We have a person with excellent qualifications but with no understanding of local government itself.

The Hon. R.D. Lawson: That's a good anecdote.

The Hon. M.J. ELLIOTT: It is a lot more than that. I will go further. I am not opposing his appointment as Executive Director, but we do not want a board of bean counters or a board of people with all sorts of great expertise—be it managerial, financial or whatever (which are some of the qualifications listed in clause 16A(2)). I am happy for them to have all of those qualifications, but it would be useful, if they are to talk about changes in local government, that they have an understanding of the beast they are trying to change. For that reason I will be moving an amendment to ensure that all persons appointed to the board have at least two years' experience either as elected members of local government or as officers or employees in local government.

The Hon. T.G. Roberts interjecting:

The Hon. M.J. ELLIOTT: No, some lawyers would have been in local government. There would be all sorts of people with a broad range of managerial or financial experience who have had experience in local government. There has been a keenness in many boards to put on people with financial experience and sometimes they do not have knowledge of the area in which they are working. Sometimes there is a defence in that with, say, the Wheat Board one might say that not too many wheat farmers have a great deal of experience in running major corporations. You may be able to run that sort of argument to a greater or lesser extent in relation to those sorts of boards, but local government has had literally thousands upon thousands of people as elected members and employees over the years and it will not be at all difficult to ensure that the people who are elected to the board have genuine experience of local government.

The Hon. R.D. Lawson: Why do you prefer experience to understanding?

The Hon. M.J. ELLIOTT: Are you prepared for me to join your law practice and argue cases in the court tomorrow on your behalf?

The Hon. R.D. Lawson: Not on the basis of this performance.

The Hon. M.J. ELLIOTT: That is exactly the point. If you are to have people working in a particular field and trying to reform this field, it would be useful if they had some understanding of that field as well and for that reason I will be seeking to ensure that the board is composed of people, regardless of whether or not they are the Minister's henchmen, and he knows they have a particular bias when he appoints them. Even if they take that bias onto the board, at least that bias will have two years' of local government experience behind it and they will not do something which is totally foolhardy as they seek to carry out reforms.

The Hon. R.D. Lawson interjecting:

The Hon. M.J. ELLIOTT: I didn't say that at all. You have not listened very carefully. I suggest that you reread the speech tomorrow. In fact, later this afternoon I will make it available to you, because I said that I was not doing that in relation to Mr Dixon. I said that I believe that appointments generally should be of people with local government experience, and I believe also that that will mean that when local government members speak to them they will not see them as an accountant or whatever but as an accountant who has had local government experience. That will create more confidence in those individuals as a whole.

In relation to the objectives of the board, I have had some amendments drafted and will be seeking further change. I find offensive the way in which the objectives have been structured. I have no problem with the objectives talking about efficient local government and talking about it being consistent with the objectives of the Act. However, subclause (a) states boldly that there will be a significant reduction in a number of councils and (b) states that there will be a significant reduction in total costs. That should not be the first assumption every time two councils are being looked at for amalgamation because it may not always be true that an amalgamation will produce savings, and there is an underlying assumption in this that an amalgamation will produce savings. That will not always be the case.

I invite members to look at what happened when the Perth council was recently split into four councils. Each of the four smaller councils that were created have lower rates than the original council. So, simply arguing that joining together councils will lower rates is fallacious. This Bill does nothing to guarantee any ongoing savings, it just assumes that, by forcing amalgamations and having a rate reduction basically for one year—by doing those two things—you will have ongoing benefits. This Bill gives no guarantee of ongoing benefits whatsoever. It is a pathetic piece of legislation in that regard.

The Hon. T.G. Roberts: Kennett made those assumptions.

The Hon. M.J. ELLIOTT: Kennett made those assumptions, but there is nothing in this Bill that gives any guarantee of any ongoing improvement in performance.

The Hon. T.G. Roberts: We will be pleased to see your amendments to achieve that effect.

The Hon. M.J. ELLIOTT: I hope you support them, too.

The Hon. T.G. Roberts interjecting:

The Hon. M.J. ELLIOTT: I'm glad you are going to be pleased to see them. In relation to the procedures of the board, it is important that, as far as practicable, the board's meetings be held in public. For reasons of commercial confidentiality, certainly some meetings may need to be closed, but, recognising that the Minister himself repeatedly has canned local government for going *in camera* too frequently, I am sure that he will support the amendments that I put forward which will ensure that the board that he is establishing to review local government and its subcommittees will meet in public as far as is practicable. I think that public meetings are important if the board is to play a constructive role and have the confidence of local government. If there is any hint that the board is working to an already preset agenda and is meeting behind closed doors to achieve it, then cooperation will go out the door and we will get bad results as a consequence.

It is also worth noting that amalgamation is not the only way in which genuine savings can be sought. The Bill (page 5), under the heading 'Structural Reform Proposal', provides that structural reform is not only amalgamation (subclause (b)) but also the establishment of cooperative schemes for the integration or sharing of staff and resources within a federation of councils (subclause (d)). In fact, that offers the same potential that is claimed for full amalgamations of councils.

Some people argue that it provides a double benefit: it guarantees the benefit of democracy to the smaller local unit and it guarantees the efficiencies of a larger economic unit. A number of council groupings are very seriously looking at this. The St Peters council is talking to neighbouring councils about it. In the South-East, the Mount Gambier, Mount Gambier district and Port MacDonnell councils are talking about it, and I know that councils on Yorke Peninsula are also looking at this model.

If it can achieve the claimed benefits of amalgamation and also maintain more local responsibility, which many people in local government appreciate, then why would the Government not want to encourage that as much? The fact that it has been included as a structural reform proposal or incorporated within it suggests that they would be prepared to entertain it. But if that is the case, the current wording of 'objective' does not take that into account because the objective simply talks about a reduction in the number of councils in the State and does not realise that savings could be achieved by what is called the ILAC model as well.

I will be introducing a number of amendments which will facilitate the ILAC model being carried out in South Australia among councils which wish to do so and where the Minister and, ultimately, the Parliament, give that approval. I think that it would be very foolhardy of us to assume that there is only one answer—that answer being amalgamation. I do not think that there is much proof around the world that amalgamation provides the sorts of savings claimed.

I know that the Woodville-Hindmarsh council is claiming very high savings. I have been given a statistical analysis which claims that the biggest benefit that it may have obtained is about 4 per cent, and even then it is not demonstrated that that 4 per cent necessarily has been generated by amalgamation alone and that it may have been generated by other changes that occurred at the same time. Change in itself sometimes has further consequences, and that is demonstrated in the case which I cited in Perth, where cutting up a council achieved significant savings.

While we are seeking to get efficiency out of local government it is important that we do not go into the process with our blinkers on and assume that there is only one way of getting it. I think that, if local government puts up a proposal that a single council is capable of achieving savings by itself and that amalgamation will not create further savings, it should be able to argue that. Using the ILAC model, if a collection of councils can argue that they can create the same sorts of savings that are being claimed as a result of amalgamation they should be given the opportunity to fully argue that and not go into the debate with the decision already made.

Because of the way the objectives are currently structured, that is precisely what is happening: you have a board set up with an instruction to reduce the number of councils, and every time it has councils before it that is the first objective it has. I think that that is a very dishonest thing to do. I do not think it is dishonest to say that we are seeking efficiencies, but I do think it is dishonest to say, when you have a number of ways of achieving efficiency, that we are going to have a consultation process, we are going to allow you to be involved, but, at the end of the day, amalgamation is the only way we think we can do it.

What is missing from that blend is, as savings are being sought (subclause (b)), are those savings being achieved not by amalgamation or structural change in itself but by services being downgraded either in quality or quantity? If that is the case, that is none of the State Government's business. The quantity and quality of services for rates is the business of ratepayers. If they are not happy with what their council is supplying, when the next election comes along they can throw it out. That happens in State Government where, if a Government has not handled the finances correctly, it will get turfed, and it should happen in local government as well.

I have already touched on the issue of rates. The Government seeks within the Bill to reduce rates by 10 per cent, but it is only a temporary reduction. What is the point of it? What is it trying to achieve? Some cynical people would suggest that it wanted to get this one-off reduction just before an election to say, 'We have changed local government; we have saved you 10 per cent.' However, there is nothing to tell us how that 10 per cent is being achieved. What if that 10 per cent is being achieved because the council cuts back some of its programs? It does not look after its roads this year, so the potholes get a bit bigger. Anyone who knows anything about road repair programs will realise that, if you get behind, they actually start costing more. The old 'stitch in time saves nine' is absolutely apt when talking about potholes in roads or many other maintenance problems. If we have a 10 per cent reduction for a temporary period, it is most likely that those rates that have not been paid will have to be paid afterwards and paid with interest.

Alternatively, that 10 per cent may have been generated simply by a reduction in services. Of course, those services can be jacked back up but, if it is to be achieved by a reduction in services, again it is none of the State Government's business to poke its nose in and say, 'Just so we can reduce rates by 10 per cent, we will demand that you reduce services by 10 per cent.' Of course, councils might increase their borrowings. There is a whole range of ways in which they can get around it. The 10 per cent reduction will have no long-term benefit. Indeed, it may have a long-term cost for

the community, and there is just no defence whatsoever for this.

It seems that perhaps there is an assumption that every council has exactly 10 per cent worth of fat in it, and if you squeeze them hard enough you will get 10 per cent out of them. Local governments, like other tiers of government, have been having to cut back quite severely and have gone through quite dramatic changes in programs. Some councils have a handful of employees. The Clare council is down to only four or five staff. It has private contractors doing all its outside work. It has nothing inside its council which I think is capable of being cut further, other than straight out service delivery.

This clause provides that this council will cut its services by 10 per cent, unless the board—this unaccountable, unelected board—magnanimously says, 'We are prepared to give you a waiver in relation to this 10 per cent.' It is none of their business whatsoever.

The Hon. A.J. Redford: What about a poll?

The Hon. M.J. ELLIOTT: There is no poll in relation to this. Perhaps the honourable member ought to read the Bill. The way the poll is constructed is an 'after the event' thing, and it appears to me that the proper poll at which these occur is the poll that happens every two years. And there is a poll every two years; the potential turnover in local government is a relatively rapid one.

The Government should be focusing on using the reporting power that the Minister already has under the Act to ensure that sufficient detail and financial reporting occur so that ratepayers can make up their own mind and so that they can see in the reports that the provision of a particular service in this council costs $X, and in the council next door it costs $Y.

The Hon. A.J. Redford: What do you think the financial plans cost?

The Hon. M.J. ELLIOTT: The Minister has had powers for a couple of years.

The Hon. A.J. Redford interjecting:

The Hon. M.J. ELLIOTT: If you read the Act, you will find that the Minister already has the power under section 161, if I recall correctly, to ensure that the ratepayers themselves get the information that they need to make their decisions about whether or not they are happy with what their council is doing.

I think I have covered most of the issues. However, one issue that I still need to address is the question of the polls and how they are carried out. I think it is important that, if a poll is to be conducted, it is carried out with good information going to the ratepayers in terms of making their decision. Under subclause 10(f) of the Bill, it is clear that a summary of arguments for and against the implementation of the proposal is to be put to ratepayers. It is important that ratepayers get something similar to the sort of material they receive when we have a Federal referendum, when there is an attempt to provide cases for and against in a balanced and unbiased fashion, and it is left to the voters to make up their own minds. It is important to me that the information given to ratepayers for a poll is presented in a similar fashion. I will be moving amendments to this clause to try to ensure that that is the final result.

I did raise earlier in the debate the question of clause 22(b) with respect to protection from proceedings, which has caused reaction from the Law Society. Whether or not it is necessary for that clause to be defeated really depends upon what other amendments occur in the legislation. If there is accountability ultimately via the Parliament, and we do not just have the board and the Minister making the decisions, and if there are other checks and balances in the system, we do not need the courts. However, if those other checks and balances are not in the legislation, then clause 22(b) will clearly need to be removed because that is the only relief that people will be able to seek.

I think I have now covered the key issues that I wanted to cover at this stage. I reiterate that there is not opposition to the underlying bases of the Bill: there is support from local government, and there is support from the Democrats and the Opposition. There are just a couple of aspects of this Bill which are of serious concern and, if those matters are rectified, this Bill will have no problems in passing through this place. Those issues are not negotiable. They are issues which I think are fundamentally important in a democratic society. The Minister needs to understand that that is the position I am taking, and I understand that the Opposition is taking a similar position. It may perhaps have amendments in different forms, but I think we are in fundamental agreement about what needs to be achieved in relation to this Bill. I support the Bill with the reservations that have been outlined.

The Hon. ANNE LEVY: I rise to support the second reading of this Bill. I share some of the concerns with it which have been expressed by the Hon. Paul Holloway and my colleagues in another place. I think we need to remember that local government, which is a long established and honourable tier of Government in this State, exists because of legislation from the State Government. It has no existence or rights other than those conferred by the State Government.

There were attempts to recognise the existence and role of local government in the Commonwealth Constitution at a referendum in 1988, but this was lost. Members opposite lobbied strongly against its acceptance and did not want local government recognised as a tier of government in its own right in the Australian Constitution. We should not forget their opposition to that and their consequent determination that local government would remain subservient to State Government.

I would like to set a few matters straight. Given certain remarks which have been made by members opposite both in this House and in another place, there seems to be a lack of knowledge of what has occurred in the past or else an attempt to rewrite history because they do not like the accurate unfolding of events.

There have been many attempts at reform of local government in this State, but to say that the previous Government did nothing in this regard is a total misinterpretation of the facts. In fact, the first memorandum of understanding between local government and State Government in this State was signed by Premier John Bannon and me as Minister in October 1990. This set the path of reform of local government, which had been discussed frequently prior to that time, but this was the formal beginning of a reform of local government.

Another memorandum of understanding was signed by the then Premier, Lynn Arnold, and the then Minister, Greg Crafter, along with the President and others from the Local Government Association. Then a further memorandum of understanding was signed by the current Premier, Dean Brown, and his Minister in 1994. This is a progression, and one can expect further such memoranda of understanding as the reform proceeds. However, it is totally erroneous to say

that reform only started with the change of Government. It was well under way and two memorandums of understanding have been signed with the greatest cooperation from local government in establishing these memoranda and in implementing them in cooperation with local government under the previous Government.

There is also the history of boundary change procedures, which have altered considerably from one time to another during this State's history. I do not want to go right back to 1840, when local government began. We can perhaps note that it began then but died soon thereafter, when the Adelaide City Council was abolished due to its total incompetence and bankruptcy. It started again fairly soon after that and has continued in an uninterrupted fashion ever since.

With respect to boundary changes, if we go back about 30 years, we see that a royal commission was established to determine which boundary changes were considered desirable, but the recommendations of the royal commission were not acceptable to local government. I, and I am sure many others, can remember the campaigns that were waged at that time, particularly emanating from Walkerville, which opposed very strongly the recommendations of the royal commission.

It was then taken that boundary changes would be investigated and recommended by select committees of this Parliament, mainly select committees of the Lower House. Some boundary changes were effected in this manner, including the establishment of the current Happy Valley council, but members of Parliament at the time did not want to be so closely involved with proposals for boundary change. If the local member were a member of the select committee, he or she would inevitably find that they were making enemies. They could not please everybody in the area, and they were being caught up in local fights which they felt were not relevant to their role as a member of this Parliament.

When the Tonkin Liberal Government came into office, the procedure of boundary change by select committee of the Parliament continued, but the then Minister decided to have the select committees composed only of members of this Chamber, who are not so closely identified with a particular area or region of the State—or not necessarily so. I know that certain members do have particular allegiances to particular areas of the State, but they are not accountable just to those particular areas, as are members of the Lower House.

I was a member of select committees which considered boundary changes, in particular relating to the city and district councils of Port Pirie. There was another famous select committee concerning the district and city councils of Port Lincoln, of which I was not a member, but the Hon. Gordon Bruce was, and he regaled many a social function with stories emanating from that select committee. Generally, however, it was still felt that this was too close an involvement of members of Parliament with a tier of government which should be regarded as more independent and able to look after itself, even though it existed solely as a creature of legislation of the State Government. So, following the change in Government, the Local Government Advisory Commission was established, and it was to consider any proposals for change of boundaries and report on them. A number of proposals were put to the commission. Its members took their responsibilities very seriously indeed, examined the matters and made recommendations accordingly. Most of the recommendations that they made referred to boundary changes in non-metropolitan areas. I think Ridley-Truro was one which they considered, and I am sure there were others.

When boundary changes were proposed within the metropolitan area, the first one that they addressed was a proposal to remove that part of the Mitcham council area in the Hills and attach it to the Happy Valley council, so that Mitcham council would be entirely on the plains. This proposal was examined by the Local Government Advisory Commission, and it made recommendations accordingly. Those recommendations were obviously not acceptable to a number of people, and I am sure that I do not need to remind members, either those who were in this Council at the time or members of the community, that there was considerable unrest in the area, and a poll of electors was run by Mitcham council to determine their attitude to the proposal.

It is interesting to note that, despite the enormous controversy that raged at the time, only 46 per cent of the eligible electors of Mitcham turned out to vote in that poll. It is hard to imagine that more publicity and more concern could have been expressed through all forms of the media at that time to stimulate people to come and register a vote; yet, as I say, only 46 per cent turned out. The vast majority of those were opposed, but one was left wondering whether that meant that the 54 per cent who did not turn out favoured the proposal or that they were so apathetic that they did not care one way or another.

It was realised that the procedures followed by the Local Government Advisory Commission did not involve much consultation with the communities on which it was deliberating. As Minister, I introduced changes to its procedures which ensured that there would be far more consultation about boundary changes. That consultation was to be with the people who would be affected, not just with the councils concerned or with people who were prepared to make submissions, although that was to continue. There was to be consultation in the form of public meetings, public explanations and full opportunity for consultation with a very wide cross-section of the people involved in the boundary change proposal in question.

These new procedures, which were supported by members opposite, were a means of ensuring a grassroots contribution to any proposals for boundary change, and they have remained in existence for the past six years. It was these further procedures, which provided for consultation and opportunities for polls, that resulted in the proposals regarding Henley Beach not proceeding, with the Local Government Advisory Commission recommending against boundary changes in that case because they were not acceptable to the local communities. I draw the attention of Mr Heini Becker in another place to what occurred. He has attempted to rewrite history with his garbled account of the Henley Beach proposals. He cannot even get the date right.

There have been successes in boundary changes with the Local Government Advisory Commission, and the Hindmarsh-Woodville proposal is a shining example to local government in this State. The full consultation procedures were followed through in that regard. Members may recall that the initial proposal was to include the council of Port Adelaide but, from the public consultation that occurred, it soon became evident to the commission that there was no support from the council or, more particularly, the community of Port Adelaide for that proposal. In consequence, it was amended to include only the council areas of Woodville and Hindmarsh, where there was majority support for the proposal. I do not pretend that it was unanimous, but there was clear majority support for the proposal, and that amalgamation went ahead. I am sure all observers would agree that

it has been a successful amalgamation and very much to the benefit of the people living in that area.

The proposals before us in this legislation represent yet another change in the procedures for council amalgamations. It is clear from this history that there has been concern about the number of councils for many years. All Governments have been concerned that council amalgamations or council boundary changes are desirable, and that boundaries drawn up in the 1840s, 1850s or even up to 1900 are not necessarily relevant or appropriate 100 years or more later. This recognition has been endorsed by the LGA, as well as by successive Governments in this State.

The argument is not about whether or not reform of local government boundaries should occur: it is about how it should occur, what procedures should be followed, who should be consulted, what weight such consultation should have and how decisions are to be arrived at. If we look at the legislation before us in that light, we can see it as the latest step in a long series of proposals from different Governments trying to achieve reform of local government boundaries.

The current Government established the Ministerial Advisory Group, which produced its report, commonly known as the MAG report, and I see that this acronym is to receive statutory recognition in the Bill before us, being so named. That does not happen to many reports given cute little acronyms. The MAG report made a number of recommendations for reform of local government, many of which were totally unacceptable to local government in this State.

It also made recommendations regarding boundary changes, some of which seem eminently sensible, others of which do not, and I say this as a disinterested, though certainly not uninterested, observer of the reform of local government. Personally, on reading the MAG report, I was disappointed that it made no recommendations for changes to the boundaries of the City of Adelaide. I know the current boundaries have historical significance, but I do not think one should be too influenced by history in determining what is best as we move into the twenty-first century. While I certainly would not propose or support a Brisbane style council for Adelaide, where most of the metropolitan area is under the one council, I do think there could be advantages, both to the CBD and to the residents of the City of Adelaide, if its boundaries were enlarged.

If one looks at maps, the city council and the adjoining councils all date from the nineteenth century and were drawn up to suit horse and buggy days, and most people would agree that they are not necessarily relevant in a society which has motor cars, telephones, faxes and all the other methods of communication which exist in the late twentieth century. However, I am aware that my personal views about the boundaries of the City of Adelaide have no more weight than that of any other ratepayer of the City of Adelaide, but the Boundary Reform Board to be established by this legislation, while it can take note of the recommendations of the MAG report, is obviously not bound by it, and I would hope that it would not be too blinkered when it looks at the City of Adelaide. I may say that my views are shared by at least one member of the Adelaide City Council who has discussed the matter with me, although I readily acknowledge that it is not the majority view of the current Adelaide City Council.

The Bill covers a wide range of matters and I do not want to take the time of the House discussing what I think will be readily agreed by all parties. There are issues which, obviously, have caused a great deal of dissension in local government, and while they have been commented on by previous speakers I would like to make brief mention of them. The compulsory 10 per cent rate reduction proposed for amalgamating councils is to take effect—surprise, surprise—in 1997, the year of the next State election. That may be totally coincidental, but, personally, I very much doubt that it is and this not being Question Time I am perfectly entitled to state my opinions on this matter.

There is not one council in this State that supports the compulsory 10 per cent rate reduction. The LGA does not support it and I should point out to the Hon. Mr Redford that the LGA is not another tier of Government: it is merely an association of all local governments in this State, in exactly the same way as the UTLC is an association of all trade unions in this State. It is not another tier, but rather a group of similar organisations that realises it is more efficient to have a spokesperson for the group rather than each one having to speak individually. It works for the LGA, which is recognised in legislation, and it works for the UTLC. It also works at a national level. The Australian Local Government Association is the peak body representing all local government associations throughout the country; the ACTU is the peak body representing the trades and labour councils from throughout the country and, through them, all the unions in the country.

The compulsory 10 per cent rate reduction, I repeat, is not supported anywhere in local government. I certainly support local government in this. It is totally arbitrary to select a figure like 10 per cent and apply it to all councils. It takes no notice, whatsoever, of the particular circumstances which can apply to individual councils, be they amalgamated or non-amalgamated. It is for the elected representatives of a community, that is, their local councillors, to set the local rates. To arbitrarily impose a 10 per cent cut can penalise those councils which have undertaken reform, which have streamlined their activities, which have become efficient, and which have, as a result, not raised their rates in recent years. They have no fat left. To impose a 10 per cent rate reduction can be achieved only by cutting services to the community.

There may be other councils in this State which do have surplus fat in their resources, which have not undertaken efficiencies, which have not striven to conduct themselves according to late twentieth century principles, and which consequently could take a 10 per cent rate cut, use the reduction in resources to become more efficient in their operations, and so have their services to their communities not affected in any way. To impose a compulsory 10 per cent rate reduction could be applying a penalty to those who are efficient, and a reward to those who have been inefficient. I am sure that everyone will agree that there are councils in this State that have been extremely efficient and forward looking, and have introduced many internal reforms, and there are others that have not. I see no reason why those that have not been efficient should be rewarded, whereas as those that have been efficient should be penalised by a compulsory 10 per cent rate reduction.

I totally agree with those who have said that it is arbitrary. I remind members that there have been occasions where Federal Governments—of either complexion—have imposed percentage changes in resources to the States in certain matters, in such a way that those that have been efficient and lean have been penalised and those that have been inefficient have not had to suffer any deleterious effects.

That has certainly occurred at the Federal level, and South Australia, usually being one of the lean and mean States, has complained that it is being penalised unfairly. So, we should

not follow that example and apply such unilateral rate reductions to the councils of this State. I am sure that everyone would hope that there could be a rate reduction, and there is no doubt that, with some amalgamations, rate reductions could be achieved. But it is up to the elected representatives of those communities to achieve the savings and to decide how they will be used to benefit their communities, whether it be by rate reductions, by increased services or by some mixture of the two. And it is for those elected representatives of those communities to make that decision for themselves.

Other issues related to the proposals in this legislation concern me. One of these is the time factors involved. Many councils are starting to act as if the legislation were already enacted, and consultations are taking place between councils in many parts of the State with the aim of achieving a proposal before 31 March, before the board itself becomes active in examining and initiating proposals. But the board does not have very long to act, yet it is very clear from the legislation that proper consultation is again expected as applies under the existing proposals for boundary changes; that communities are to be involved. There are to be public meetings. Information is to be distributed in communities so that it is not a top down procedure but, as we currently have, a bottom up one, where communities can be involved. This takes time.

It is unfortunate but nevertheless true that, if one wishes to follow true democratic principles, time is involved. Dictatorship is always far quicker—which does not mean that I necessarily support dictatorship, but there is no doubt that in terms of time frames dictatorship can proceed far more rapidly. I am concerned that, unless there is a huge staff for the board, proper consultations in all the different communities throughout the State will not be able to take place because of time constraints. Mention has been made by other members of the 55 per cent poll turn-out that will be required if a local community is to have its say on a proposal from the board that is not enthusiastically endorsed by the councils to which it refers.

I mentioned previously that, despite the enormous controversy over the Local Government Advisory Commission recommendations on Mitcham council, only 46 per cent of eligible electors turned out. To suggest that there must be a 50 per cent turn-out before any notice can be taken of the results of that poll is asking too much of local government in this State. In a desirable world, we would have large turnouts, as they do in other countries. It would be wonderful if we could achieve the 80 or 90 per cent turn-outs which occur in some country councils in this State, although the numbers are usually so small that 90 per cent is not a large number of people.

However, it is unrealistic to suggest that we would get a 50 per cent turn-out without a great deal of public education, agitation and publicity beforehand and, again, the time factors involved suggest that the 50 per cent requirement is a totally unrealistic one at this time although, hopefully, it would not be in the future. There has been a suggestion of reducing that to 40 per cent, and I for one think that is a much more reasonable figure, particularly given the Mitcham experience, from which we can all draw our own conclusions.

I wish to take up one point that has been made by some members with regard to the membership of the board. The proposal is for a board of seven, of whom four are nominated by the Minister, only two from the LGA and one is the Executive Director. It seems to me that a great omission is someone from the UTLC. Local government consists of about 1 100 different elected councillors throughout this State, but it also has about 7 500 workers, people who work in local government who are very much involved—and involved in a way far beyond that of the average person in the community, since their livelihood depends on it. I feel it is highly desirable that someone who can be expected to have the interests of the workers at heart should be a member of this board and should be able to keep in mind all the time how the workers might be affected by any particular proposal. This does not mean that such a person is unable to take a broad view and consider the total interests, but it would be someone who can always have in the back of their mind that the interests of the employees of local government must be taken into account and considered; that any proposal must have this as one of the matters considered.

I am sure the Hon. Di Laidlaw will appreciate this, as we have often agreed that women are necessary on many boards and committees—not that they necessarily take a point of view that is different from that of anyone else or from any men on the board or the committee. However, they are likely to look at any proposal and consider how it might affect women differently from men in any given situation. To ensure that this gender consideration is given to proposals before a board or committee, it is necessary to have at least one woman (it is often desirable to have more than one, for a whole lot of other reasons that I will not go into) present so that this perspective can always be taken to any proposal.

In like manner, I hope the honourable member will agree that the perspective taken by a representative of the employees of local government is highly desirable when we are considering reform matters in local government, and the best way of obtaining this is to have an appointee on the board from the United Trades and Labor Council. I am quite sure that the UTLC would pick someone involved in local government as its representative, and I am equally sure that it would pick someone who is fully knowledgeable, extremely competent and well able to contribute as an equal member of the team to all the deliberations of the board. By way of example, the board of ETSA has been universally acknowledged as being very valuable and contributing in no small measure to the work of all boards and committees of which they have been members.

I will not raise any further issues in the Bill. I am sure that other issues of perhaps less magnitude will be raised in Committee. I reiterate that I am sure everyone in this State supports reform of local government. All sides of politics have long supported it as a principle. Likewise, the LGA is fully committed to the reform of local government. The LGA, as I said, is an association of all councils of this State and speaks on their behalf. The arguments are not whether but how reform is to be achieved and what are the best democratic procedures for arriving at a desirable result. While the Bill before us will need change before that aim can be equitably achieved, I certainly support its second reading in the spirit of promoting reform of local government in this State.

The Hon. J.C. IRWIN: I seem to have an unerring ability to be the last speaker on a Thursday afternoon, and I seek the indulgence of my colleagues as I make my contribution on this legislation. I make a contribution on this Bill from no-man's land; I make it from a position of having a fundamental difference with the Government on the direction of local government reform, the main points of which are indicated

clearly in the Bill. From the outset, I dissociate myself from the Bill. I am ashamed that it is my Party—the Liberal Party—that endorses the reform Bill, which was designed from the draft Bill sent out for consultation and which contained clear signals—unacceptable to me—of just how far this Government and the Opposition are prepared to go to achieve economic efficiency gains. The attitude is: never mind the people, the ratepayers, the electors—call them what you like—who, sadly, do not count in the chess game before us, except for the promise of rate reductions, which would positively excite even you, Mr Acting President, and me, as ratepayers.

It is sad for me to observe that the Government does not fully understand the philosophical and practical position of local government in the whole prospectus of life in the community, this State, and in this country. I should also point out the obvious observation before my peers do, namely, that I stand quite alone in the parliamentary Liberal Party in opposition to this Bill. I can count and can accept that, in the context of the legislation, I am wrong and that the majority is right. However, it is my guess that many of my valued and respected colleagues on either side of this House feel as trapped as I do by this sort of legislation, where the proposals can be seen as an attack on well-held philosophical beliefs, where we have to try to choose between what is right and what is wrong.

What saddens me most about the parliamentary system is that everyone's attention, from all three Parties, is now on the Bill before us. The attention has been drawn away from the bigger picture, but the Bill is very much part of the big picture. The Bill is but a pawn in the chess game, as I mentioned earlier. Everyone's eye is on the Bill and how it can be supported and/or amended. The eyes have gone off the big picture, the philosophical picture of local government which, after all, is the people and their place in the South Australian community.

I have quite publicly and often canned Premier Kennett in Victoria for the appalling attack he and his Government have made on local government in that State. In his march for the great goal of so-called economic efficiency, he has managed to trample all over a number of other very primary principles. I have great faith, however, that the Victorian people will eventually have the last say, as are the people in the UK—and I will demonstrate that later—when they are sick and tired of an increasingly expensive bureaucracy from three levels of government sticking their fingers into every facet of their personal and community life, where their elected representatives are highly-paid, remote figures. I am quite frankly seriously puzzled why the Victorian Liberal Government, and now to a softer extent the South Australian Liberal Government, are hell bent on handing the Federal and State ALP an historic and considerable weapon in the philosophical, political and practical areas of local government. This advantage should be seen to be, in both local and national arenas, in the context of building regions in the constitutional debate.

I do not intend to elaborate fully in this contribution on this issue, but I urge thinking Liberals to analyse and contemplate what the future might hold if we keep heading the way we are. There will be much pain for very little gain. It is my belief that reform will come from the demands of the people and not by being imposed or inflicted from the top down by another Government or Parliament.

An analysis of the history of the constitutional change in the past 100 years by the referendum process shows that any referendum question put to the people of Australia which gives more power to the centre—Canberra—has been roundly defeated. The last batch of referendum questions put to the people, including local government, was soundly defeated in every State in this country with an average 'No' vote of 70.1 per cent and, with regard to local government, 73 per cent. The very clear lesson is that the people of Australia do not want or like centralised power. Why on earth do we think people have changed their minds and want this form of centralised power in local government?

My position on council amalgamations, which is, after all, a move to centralise power in a region or to give a State or Commonwealth Government an easier path to interfere with councils, has always been simple and clear and I have expressed it often publicly. Remember that councils are, first, individual autonomous bodies representing communities within the confines of the Local Government Act that emanate from the Constitution of this State and quite a few other Acts of the South Australian Parliament.

The 118 councils of South Australia now are not one body, and this point has been made often enough. Certainly they are represented by an umbrella organisation—the Local Government Association in this State—and increasingly by the Australian Local Government Association in Canberra. My position on amalgamations is and has been that the people should decide their own future and a poll process should be a tool in that procedure. I am not opposed *per se* to amalgamations nor to local government reform. There should always be a poll provision in the Local Government Act where a certain percentage of electors can call a poll, which should be decided by a simple majority of those attending and voting at the poll. This is clearly in line with the principles of voluntary voting. It is wrong, in my opinion, that the elected representatives in a council area or number of council areas should decide an amalgamation proposal.

Certainly, they should do the ground work with their professional staff and present their findings to their people. The elected members were not ever elected to eliminate the council they represent. The people should have the ultimate decision if they want it. I am sad that the Bill before us does not have a provision for a poll in the non-board amalgamation proposals, which are supposed to be indicated to the board prior to 31 March 1996.

I should like to give some history, going over some ground that has already been covered. The origins of local government in Australia are from Great Britain. Given the historical events of this century, it did not take long for our forefathers to set up a system of local government in South Australia. South Australia originated local government in Australia by passing, in 1840, four years after the proclamation of this province, the first Australian Municipal Act, which was a partial transcript of the English Statutes of 1835, greatly modified to meet the conditions of a people who had undertaken the experiment of founding a new State in almost uninhabited country.

On 31 October 1840, the Adelaide Council was elected. Municipalities generally were first established under the Municipal Corporations Act 1861, which, after providing for the extension of the powers and duties of the Corporation of the City of Adelaide, authorised the Governor, on the petition of a majority of not less than two-thirds of property owners, to incorporate any town, district or place within the province as a municipality. This Act and its amendments were consolidated in the Municipal Corporations Act 1880, which was amended from time to time until it was repealed and its

provisions consolidated in the Municipal Corporations Act 1890. The Acts were consolidated in 1923 with various amendments to this and following Acts, and the Local Government Act, as we know it, was passed as a basis in 1934.

Historically, the role of local government was the three Rs: roads, rates and rubbish. Now local government has a diverse range of functions, including libraries, community health, social work, senior citizens, town planning, the environment, airports, hospitals, the Country Fire Service, the Metropolitan Fire Service, and so on. There is a strong view that local government should maintain its core traditional responsibilities, and they do not have to be the same in every council. Indeed, they vary widely in the community, as community needs between country and metropolitan councils are quite evident.

There is a variation and emphasis between one council and another, whether city or country. This is healthy. As an aside, I have always argued that horizontal fiscal equalisation does not sit comfortably with councils competing with each other, which they do in a sense, although people are not so migratory that they would go from one council to another for just one factor. However, they are in many ways competing with each other.

There is also a strong view in local government and State Governments of both persuasions—certainly started by the former Government and now taken on by the memorandum signed by this Government—that certain functions carried out by the State Government should and could be carried out by councils and be maintained with funds from the State Government to local councils which at the moment, to put a broad word on it, are covered by the reform fund. This is not a matter for focus now in this legislation but it is part of the memorandum process which still needs more focus and refinement by this Government. Nevertheless, the core of the problem faced by councils is financial and the availability of finance through rates, charges and grants. Finance is very much the limiting factor in the extent to which a council can provide everything that a community demands. Local government stems from the State's Constitution, as we have heard: it is not written into the Commonwealth Constitution.

The MAG report (figure 1) shows that the number of councils in South Australia has been reduced from 196 in 1931 to 118 today, or 40 per cent in 64 years, with very little, if any, force, despite attempts by many people and Governments. This trend will continue to reduce the number of councils over the coming years consistent with the conservative nature of our society.

I refer anyone who may wish to go back through history to the changes in the Commonwealth Constitution over the past 100 years and to the reaction to the Fightback package put forward by the Coalition at the last election. The conservative nature of Australia is evident if there is a referendum. The skill of Prime Minister Keating at the last election was to make Fightback and some of its elements into a referendum, knowing that the people, whether Liberal, Labor or Democrat, were basically conservative. I do not mean that they are Liberal or Labor conservative; I use the terminology in a non-political sense.

The State Government, as a result of adopting the national competition policy, and other States are having to address structural reform issues at all levels of government. Effectively, this means that all commercial activity of local and State Government can be put to competitive tendering. With this brings concerns that local government has neither the expertise nor the resources, so the philosophy of 'bigger is better', along with other reform issues, is or may be driving the Government to change legislation in order to meet these needs and demands. The Local Government (Boundary Reform) Amendment Bill includes provisions for the parish model, or Integrated Local Area Council (ILAC) which has been referred to by others and which allows for resource sharing and utilisation of resources.

This proposal has a central board of management, which is linked to each individual council as well as directly to an amalgamated service organisation. The board of management, on behalf of each council, organises the amalgamated service organisation to perform the range of services required by each individual council. In theory this in turn reduces the overheads of each council, whilst allowing them to retain their own individual wards and access to professional facilities and services. The ILAC model was devised by the Chief Executive Officer of the Corporation of St Peters, Mr David Williams, and a former Mayor of that council, Matthew Goode.

They had collaborated previously, as some members would know, on a book on council meetings in South Australia. I commend their thinking and dedication to local government—with the emphasis on 'local'—sincerely believing that the ILAC model is far superior to total amalgamations, as it fits the philosophy expressed in this contribution from me.

I mention in passing what is happening in the United Kingdom and refer to the *London Times* of Wednesday 18 January 1995. Great Britain, as most people know, has been amalgamating local government, town parishes and district councils for over 20 years. In the article, the Chairman of the Local Government Commission tells Ian Murray why small is beautiful in decision making. The article is headed, 'Creator of the new shires votes for parish pump politics', and states:

> Sir John Banham, who has just completed redrawing the shires map of England, believes the future for local government lies in parish-pump politics rather than monolithic councils. Sir John, whose Local Government Commission produced its final proposals last week, said in an interview that he is a great supporter of subsidiarity and tends to 'think small'. 'Unparished' areas should set up councils as the first tier in a process to bring decision making closer to the people. 'We are moving onto a structure where more power will be devolved to the local community, with an enhanced advisory role for town and parish councils,' Sir John said. The notion of parish-pump politics has been a term of abuse, but if there is one big idea floating about at the moment it is the concept of community and the coming era of the active citizen.

I will not read further from that quote but, in the same newspaper, an article headed 'Labour intends to restore powers' states:

> 'Labour will give power back to local authorities along with control over the larger parts of their budgets,' Frank Dobson, the shadow Environment Secretary, said yesterday. He also said that a Labour Government would ensure that local councils regained overall control of education. Labour would end the present system of capping whereby central Government dictates the maximum amount a council can spend. Instead, councils will regain the right to levy a local business rate and will be able to set council tax at whatever level they need to fund the budget they decide. At present, about 85 per cent of a council's money comes from central Government grants, and all but 2 per cent of its budget has to be spent on fulfilling its mandatory duties.

If we look at the area of gradualism, because most Australians are fair minded, they tend to believe the best of everyone, which is not a bad idea, really. However, when it comes to political agendas with long-term goals, it pays to

look behind the next handout. It was not so long ago we were told that local government and primary industry were to be exempt from the national competition policy. The former President of the Australian Local Government Association, sometimes unpopular Alderman Peter Woods, moved at the Darwin COAG conference in August 1994 that local government be excluded from the Hilmer national competition policy. This motion was carried.

Industries such as grain and sugar, with well tried market policies supported by the growers, would also remain exempt. Many who live by clutching at straws use these temporary promises to dismiss the more wary as alarmist. The program for total centralism is one of 'make a promise and break it as soon as the Opposition is disarmed'.

Former Prime Minister Gough Whitlam, the architect of much of the present anti-local government legislation, laid out his intentions as long ago as 1957. Remember, this was during the era of Menzies; nobody had heard of the Fabian society or international treaties. Giving the Chifley memorial lecture in 1957, Gough Whitlam included these remarks:

> The Party's Federal platform and objective therefore very early come to the crux of the matter by advocating amendment of the Commonwealth Constitution to clothe the Commonwealth Parliament with unlimited powers and the duty and authority to create States possessing delegated constitutional power.

What steps should be taken to enlarge the power of the national Parliament and to redistribute the power of the States? First, we would always support a referendum to grant the Commonwealth the legislative power which it does not have, especially economic or social power, such as marketing, credit and investment, housing, health and education.

How things have changed. Today we have national legislation over marketing through the Hilmer national competition policy; we have a Federal Minister for Health, a Minister of Housing, a Minister of Education and a total Commonwealth monopoly of credit and credit policy. What about new States? The Constitution devotes a complete chapter, chapter 6, starting with section 121, as follows:

> The Parliament may admit to the Commonwealth or establish new States and may upon such admission or establishment make or impose such terms and conditions including the extent of representation in either House of the Parliament as it thinks fit.

Why was Whitlam not so keen on this provision? Because new States created as the Constitution stipulated would have the same power as the existing ones. This was the last thing Whitlam wanted. He wanted to create States possessing delegated constitutional power. Delegated by whom? The Commonwealth. This would be an exact reversal of the present situation, where the Commonwealth itself was created with powers delegated by the State and limited in number.

Since 1957, Labor has gained a terrible new weapon to increase its stronghold on the Federal system and divided powers, that is, the use of international treaties to over-ride the Constitution. What is so bad is the continuing reluctance of the Opposition Parties in the Federal arena to challenge this state of affairs or even to talk about it. But if we do not, their future is as dark and uncertain as local government in Australia in 1995. I will quote now from what the Local Government Association said in part in one of its briefing papers to councils on the Bill before us:

> The following has become evident through these discussions:
>
> The Government has attempted to redefine local government as we know it now to a regional service provider with no recognition of the community governance role. The briefing paper continues:
>
> Finally, the Government is of the view that the association is not representative of the membership, despite the overwhelming support through correspondence to both the association and the Minister supporting the position the association has taken with regard to the draft Bill. In addition, and perhaps most disturbing, [it] has attempted to gain the support of a few councils to present a public view opposing that of the association—this support has not been forthcoming.

I imagine they would be the CEO's of the G5 group of councils, and some others, because they are the people who are driving the reform agenda; some others would probably be the business sector. I remind members that the business sector does not care about anything except about what it can get in the way of quick decisions through councils as cheaply as possible. It does not even contemplate the fact that people are involved in the process.

Let us look at the $1 million per annum Australian Local Government Association (ALGA) that is now presided over by the Mayor of Salisbury, Alderman David Plumridge, a former President of the Local Government Association. The ALGA has a bearing on local government as it is today and will be tomorrow, because it is a powerful tool of the Commonwealth Government funded by naive councils. I recall during my days in council opposing the setting up of the Australian Local Government Association. I could see no need at all for it, and I still cannot see any need for it, especially when it takes up $1 million of taxpayers' or electors' money or, indirectly, grant money to fund the monster that it is as far as its cost is concerned.

I have already mentioned the overwhelming rejection twice by the Australian people of local government being written off in the Australian Constitution. That is twice that they have had a go, not recently but some time ago, and twice where they have been soundly rejected. I have demonstrated the intentions of the Federal Labor Party, from Whitlam to Minister Howe at present, as he instigates the Regional Economic Development Organisation (REDO) around Australia, a rebirth organisation of the previous Whitlam creation, the Department of Urban and Regional Development (DURD—which has a familiar ring to it).

The first meeting of the National Local Government Conference, which was at about this time last year in Canberra, was attended by delegates from nearly every council in Australia. All the documents for this conference are headed 'Australian Local Government', but there is no such animal as 'Australian Local Government' as local government is made up of State Acts of Parliament in each State's Constitution and not the Commonwealth's. The fact is that the Canberra federally orientated supporter who wants us to get used to the phrase 'Australian Local Government' is doing some brainwashing. The first meeting of the Australian Local Government Conference in Canberra had the following motion on its agenda:

> Restructuring of Australian Government system. Introduction, as part of the Constitution changes and creation of a Republic, of a two tiered system of Federal and regional local government.

Not surprisingly, this dangerous motion was withdrawn but not before the cat was well and truly out of the bag. The centralists never give up, do they! They have been at it since the 1890s, and they still are. They are using local government as hard as they can go as part of this tool for power for central government, and naive local government is going along with it. The recently held second National Local Government Conference has just passed a motion adopting a national accord, and in the words of the preliminary agenda:

It would represent an historic agreement of shared goals, principles and directions for change.

This is for Federal change. A few questions need to be asked: who is the ALGA representing; where and what are its powers to represent; has each State Local Government Association been fully consulted; are their constituent councils consulted; and have all councils really signed a direct agreement with the Federal Government?

Let us look further at a housing and regional development advertisement in the *Weekend Australian* of September 1995 headed 'National Office of Local Government'. National office of what? Local government—strange. It is a submission for funding and states:

The Commonwealth Government is providing funds through the Local Government Development Program to further economic, environmental and social objectives. The program is designed to be more strategic and national than previous programs or other possible approaches. Its primary focus is to generate systemic change and long-lasting improvements in the way things are done in local government.

That is the elected people in Canberra or the bureaucrats talking, not the local people on the ground who fund it—and some of them fund it through tax. Under this program a total of $48 million is available over the next four years to promote a partnership approach in local government development, to facilitate systematic change and reform in local government and to foster delivery of national priorities. The following priorities for the program have been identified by the Commonwealth: micro-economic reform, urban reform, regional economic development, economic managers and social justice. I will not go on to read all that information: I wish I could incorporate it, but I know I cannot, because it is not statistical.

I urge the Government to think about that, because all these programs are being devised in Canberra and foisted onto the people of South Australia and the other States, but no-one seems to do anything about it. I suppose that is because the moneybags in Canberra would say, 'There's no money if you don't support it, so you can take one or the other.' I might be pretty naive but, from the focus of what I am discussing in this debate today, it is fairly obvious that I would not accept the money and would stick to my principles and the premise of the people having a say about whether or not they want to be overridden by Canberra—or even this or any State Government. I well remember a local government annual general meeting a couple of years ago when the present Prime Minister was taking a rest from being Treasurer before he took on the former Prime Minister Hawke. He told that AGM (and I think the Hon. Anne Levy was sitting next to me) that if we want to be in it we have to get into the line for money. Regarding Commonwealth Government handouts, he said, 'The pipeline goes from us to you direct.' Here it is, all laid out in the national advertisement; we are all familiar now with the pipeline.

I will now share with members the quote from Justice Else-Mitchell to the Western Australian Clerks Union in 1973. Justice Else-Mitchell is a very prominent person, whom I had the pleasure to meet in Canberra in my early days in local government in the mid-1970s He eventually went on to be the Commonwealth Grants Commissioner. In his opposing speech to the Grants Act, he stated:

If this Act becomes law, then wherever the Federal money goes, so will the hot breath of every Federal politician.

For many years I have been saying inside and outside local government that if local government uses Commonwealth or State funding it has to be prepared for that hot breath from a Federal or State Government. I qualify that by saying that governments do have a legitimate reason for having to be accountable for the spending of taxpayers' money. If they are raising it through Federal taxation and giving it to local government in one form or another, we have to expect their hot breath, but not the hot breath that says at the same time, 'Here is the money; you spend it exactly on our agenda.' Local government has the same need for accountability, of course. The more odious hot breath is that which seeks to tell local government that it can have the money only if it does with it what it is told.

The proponents of local government reform should know and explain a number of factors, including the situation concerning the State Grants Commission and its history. Until 1973 local government existed on rate income and some Commonwealth and State grants tied to specific purposes. I came into local government at about that time, when I clearly recall that there was very little grant money in local government, especially rural local government, where I came from. In 1973 all the money we had to plan with in our council came from ratepayers. In 1973, Prime Minister Whitlam introduced Commonwealth general purpose revenue assistance to local government grants. The Whitlam Government's stated purpose was to promote fiscal equalisation between regions—and I note the word 'regions'. The grants were to be additional to, and not a substitute for, rates.

The fiscal equalisation approach implies determining standards of rating capacity and expenditure upon local government services for the State as a whole. The standards adopted may present the average or medium level of revenue capacity and expenditure requirement, or they may be placed higher than those levels. A council would then be entitled to an equalising grant in respect of these revenues and expenditure factors in which it has disabilities when compared with another standard.

The grants were calculated and distributed by the Commonwealth Grants Commission and were quite moderate in dollar terms. In 1976 the Fraser Government introduced the Local Government Personal Income Sharing Act. The legislation required allocation of financial assistance to be determined subject to a basic entitlement in a manner consistent with general fiscal equalisation principles, that is, on the basis that it has the object of ensuring so far as practicable that half of the local government bodies are able to function by reasonable effort at a standard not appreciably below the standard of the other local government bodies in that State—the same principle as 1973—but that the grants were to be distributed out of a share of personal income tax by State grants commissions, which still exists now. Although the equalisation principles were the only objectives stipulated in 1976, there were, as in 1973, two other proposals embraced which included enhancement of local government autonomy using the grants they received (in order words, they were untied) and the abatement of rate increases as part of the fight against inflation.

In the Fraser years it was promised that 2 per cent of personal income tax would be put back to the States and then to local government. I believe the 2 per cent may have been reached at the very end of the Fraser term in 1982 but since 1983 this form of tying to personal income tax collection by the Commonwealth was frozen in real terms by the Hawke-Keating Governments. The grants were frozen at $100 million in 1983 and in real terms have gone on from that base of $100 million to the present allocations (I think there

was one year when there was a blip to that). The grants are distributed by the South Australian Grants Commission. The 1994 allocation of $73 million sees a continuation of the latest distribution formula set in Canberra, which shows many councils continuing to receive fewer real dollars each year and others receiving a continuation of a rise in real dollar allocations.

Members will be thankful that I did not have the time to bring out from my own analysis how this pre-determined drift put in the allocation formula, which was brought in from about 1987 and which the Grants Commission has to follow, would be a drift away from certain councils and a lifting of the grants in others. Capital valuation plays a big part in the distribution formula. Capital value, as I remind this Council, is not an ability to pay, no matter what the expert economists tell us. If you do not believe that ask small business owners or farmers who have high capital values but in certain times have negative cash flows. We should question seriously the use of Commonwealth better cities grants to South Australia as they do not seem to be allocated on local councils' or cities' wishes. I do not know whether a 'city' is a capital city or a city of more than 20 000 people. I am alarmed that better cities money goes direct from Commonwealth Government to a city or to the State Government for a particular project.

In recent times, the MFP has been a recipient, and a project such as the hotel school building project, which was referred to in a Premier's press release on 23 September 1994, was allocated $5.8 million as better cities money by Cabinet. It had nothing to do with local government but was allocated by Cabinet. I have also asked whether better cities money or schemes like local government capital works programs, which have given us those lovely paved footpaths around South Australia (and which were a blatant effort by the Commonwealth Government to shore up Federal marginal seats before the last election) should not be accounted for in each local government area by the South Australian Grants Commission. The commission adjusts its council by council annual allocation to take account of these once-off grants to some councils.

The better cities local government capital works schemes are badly and unfairly distorting the allocation of money to councils. Is the local government grants scheme coming to an end? I understand that a review is under way and that it may well be taken over by the Commonwealth Government, so these direct grants will be made from Canberra, not locally. Local government capital works schemes were blatantly put into certain areas of this State under the guise of giving unemployed people work. I do not think it was terrifically successful from that point of view, but I made the point in this place, as did others, that plenty of country areas got none at all, although their unemployment was far higher than some of the councils in the metropolitan area that received this money.

My Party supports amalgamation of councils and alteration of boundaries if that is what the community wants. That is certainly what its position was before the Bill was introduced. That is to be determined by a panel process, and the Bill provides for polls. My Party does not support regionalisation although it does support councils in a region meeting together as a region if that is their wish, and I hope that continues and strengthens. I do not want to see them become one regional council.

My Party supports resource sharing between councils, which is strong now and getting stronger, and it supports the proposition that local government means 'local' in support, delivery and rate raising. My Party also supports the contention that the State Government should not interfere in the decision-making processes of local government. It recognises that the Local Government Association is the peak organisational body consisting of voluntary membership, which is one of its features. The suggestion that it is undemocratic in one sense is part of its history, because, although each member council has one vote, that does not reflect in equal votes on a population basis. However, the LGA seeks to represent local government and it is made up of the 118 autonomous councils.

My Party supports the Local Government Grants Commission, which was set up under Commonwealth guidelines, as I have just discussed, to distribute Commonwealth grants. The administration costs used to come out of that total when the commission distributed all the dollars it received, but I understand that that cost, which is about $200 000 a year, comes from the fuel tax through the reform fund.

In October 1994, a ministerial advisory group was set up in response to the belief that local government was long overdue for wide-ranging reform. It was acknowledged that reform must occur in three main areas: functional based on what councils do now and what they can do in the future; structure, size and character of the organisation; and management, by whom, and how a council is directed and structured to manage its affairs to measurable best practice performance standard. Those points can be found on page 1 of the MAG report.

On 30 June this year a report was handed down recommending financial constraints, the impact of the National Competition Reform Policy Bill, national public sector reform and an increased role by local government. The Ministerial Advisory Group believed that the best option is that defined in the general commonality of interest grounds resulting in 11 metropolitan and 23 non-metropolitan councils. Thankfully, that recommendation was rejected by this Government. The expected outcomes of reform were increased economies of scale. These reforms were expected to produce efficiency gains and, therefore, better value and services for the community. The gains will come from increased functional efficiency, increased structural, and increased management efficiency.

It was envisaged that these gains were to come as a package and could not be separated. These three areas of reform are independent and must all happen together to maximise the benefit outlined above. The MAG report believed that, even in the short term, the appropriate reform will generate efficiency gains to the South Australian community of the order of 15 to 20 per cent of current local government expenditure. This amounts to gains of $100 million to $150 million a year. That figure is often bandied about. These efficiency gains can be distributed to the community as reduced rates, passing the efficiency gains on to ratepayers; or improved services, using the efficiency gains to provide improved services. It is a little difficult to achieve both. I refer to pages 9 and 10 of the MAG report, as follows:

> Most South Australians would acknowledge that local government has served the State and its people satisfactorily for a very long time. . . However, many South Australians in recent years have also acknowledged that local government has long been due for wide-ranging reform.

That is somewhat of a non sequitur: you cannot have it both ways. The MAG report does not provide supporting evidence of 'the many South Australians', nor does it convince me—

and obviously the Hon. Anne Levy and others—that the need for wide-ranging reform can be achieved only by fewer councils. We should remember that ratepayers fund 55 per cent of expenditure by councils, and the remaining 45 per cent comes from taxpayers—in most cases exactly the same people.

Local government has not been pushed into huge borrowings yet, mainly because locally elected ordinary people still look on local government finances as they would their own family budget, which is the advantage of smaller councils: if you cannot afford it, you cannot have it—a simple timeworn philosophy which Commonwealth and State Governments and some council chief executive officers have forgotten.

There is a limit to local government's ability to fund community needs. There has to be a limit to the redistribution of wealth by legislation rather than by choice. I came to this Parliament with a simple single aim—other than to serve my community—and that was to bring down the size of all spheres of Government and not be a party to making it bigger, more intrusive and more expensive. I do not want to reflect too much on the MAG report; many others have, and there seems to be a common view that the MAG report is fundamentally flawed. It was set up to do a particular job, and it was asked to reach certain conclusions. Its membership was such that it would reach those conclusions, and it did everything expected of it. It is unfortunate that the most seized on and the often repeated calculation is that amalgamations of the large scale recommended by MAG would save between $100 million and $150 million.

On reflection, most agree that this can only be achieved by efficiency gains, reducing the work force by about one half—that is 3 000 or 3 500 on the Hon. Anne Levy's figures—and selling off surplus assets. Most would agree that some gains can be made quickly, and some gains— certainly those in asset sales—will be over a long period. Who wants an old hall in the middle of a back street? In any case, I am not convinced that the dollar gains will be reflected in a sustained reduction in council rates.

As an example, I refer to Ipswich council and an article in a Queensland newspaper. The article is headed 'Sorry Ipswich, but rates soar in new scheme' and it states:

> Ipswich City Councillors yesterday apologised to ratepayers before slugging them with rates increases of up to 60 per cent. Mayor John Nugent, who had the tough job of casting the deciding vote, said the budget was one of the toughest in the region's 150 year history. 'I would like to apologise to the ratepayers of Ipswich', said Councillor Rick Gluyas, who blamed the rate rise in the 1995-96 budget on the amalgamation of the former Moreton and Ipswich shires.
>
> He urged the State Government to introduce a special grant to take the pressure off ratepayers, some of whom lived in dangerous drought-hit areas. Under the budget $39.8 million will be spent on roads and drainage. . . Councillor Christine Claridge said people in her area had been hit with a double whammy. 'This is the mortgage belt stretching throughout Mount Crosby and Karana Downs regions and they've been hit with increases between 40 per cent and 60-plus per cent', she said. 'For my family, it's gone from $800 per annum to over $1 400. The average person, with both mum and dad working, just can't afford that.'

That is one example of rate rises. From my own work—and I stress that it is my own work—I refer to the major example of an amalgamation success in South Australia,Woodville-Hindmarsh, which amalgamated in 1993. Since the two councils amalgamated the rates have risen $27 or 10.4 per cent.

The Hon. Diana Laidlaw: How much?

The Hon. J.C. IRWIN: On average, the rise has been $27 per head of population, which is 10.4 per cent, since the amalgamation occurred. The last thing I heard was that it is about to plan a new Taj Mahal for the administration. Of course, that may well be necessary—and I do not want to reflect on the council's ability—but it is obvious that, when councils amalgamate, you sell some of the assets and then you build another great centre so that it can be the shining light for the new area. The per head of population rate in Woodville-Hindmarsh is the highest of the G5. The average rate for Enfield, which has a population of 62 000, is $299. I will not go through that, but it is an interesting exercise because the only success story we have had in South Australia shows an increase in rates.

Peter Smailes of the Department of Geography, University of Adelaide, presents a selection of empirical evidence to show the extent to which independently mapped primary communities of identity correspond with the present (pre-reform) council boundaries and show that, with some anomalies, the present boundaries give good representations of spontaneously evolved communities of interest.

This can be demonstrated by mapping in the Fleurieu Peninsula in 1980, which revealed a total of 30 distinct neighbourhoods within or around the fringe of two council areas and covering most of the territory without overlap. By definition these units do not approach any measure of social or economic self-sufficiency in terms of the provision of a minimum range of the most necessary services. Although some of them have organisations such as tennis clubs, CFS units, a hall or a pub, many exist simply as informal social networks. They clearly do not have relevance to the reshaping of local government areas. These social groupings, which may truly be called 'communities' in the sense of territorially bounded interacting social groups, are of a very different order of importance and of great relevance to the proposed local government restructuring.

In South Australia, excluding major regional centres, they are formed around country towns with a population of roughly between a few hundred and about 40 000, depending on population density and the type of rural economy, with total community size ranging from less than 1 000 to around 8 000. At this level of centre, the importance of these groupings for local government lies in the fact that the three dimensions of community that I have already addressed—perceptual, functional and political—tend to be spatially coincident and to reinforce one another.

In some other parts of the State, for various historical reasons the fit is not quite so good, but generally speaking for the majority of councils, current boundaries do provide a reasonable fit to individual perceptual and functional communities, mostly to a single community, but in a few cases two or more. In at least some cases voluntary amalgamations have improved this fit, for example, Wakefield Plains where the former District Council of Owen covered one whole quadrant of Balaklava's natural trade area before amalgamation.

A recent study by Peter Smailes on 2 000 rural residents of South Australia found that rural people can quite readily, and without too much spatial confusion, place themselves into social catchment areas that mean a great deal for their day-to-day lives. These catchment areas, by and large, correspond with existing council areas, though there are few anomalies which I believe should be addressed. If restructuring follows the MAG recommendations without modification or safeguards, many individual communities will be deprived

of an autonomy they have enjoyed for decades. Mr Smailes does acknowledge that some reform is needed in the local government sector. He further questioned how communities could maintain local autonomy and preserve economic health. He strongly supported a number of proposals, all of which maintain the existing councils or ward structures.

He concludes that the Parish model was too readily dismissed by the MAG report and that model could be easily adapted as an alternative to the MAG proposal. He also felt that the group had failed to look at the future functions of local government and then to fit a recommended structure to the functional needs. He further criticised their decision to look first at what functions local government does now perform and then (at least implicitly) to benchmark performance in all councils by 'best practice' creates a false base of comparison. It carries an inbuilt bias against the standards that sparsely peopled remote rural councils can hope to achieve. He felt, whilst the report clearly delineated the rural and metropolitan areas, it did not do so in handing down the recommendations.

His view supports a number of teachings regarding best practice management. How can we have a set benchmark when the playing fields are not level? To create a set of standards for rural and metropolitan areas again is not sufficient. Different areas have different commonalities of interest and requirements, therefore the range of services offered and by which method will vary with each council. I made that point myself.

Further to this sort of discussion, Meredith Crome, who was a former local government president and a one time commissioner on the Local Government Advisory Commission, as mentioned in this issue on the proposal with Henley and Grange by the Hon. Anne Levy, sat on a proposal by the City of West Torrens to sever a portion of the City of Henley and Grange and annex this portion to the City of West Torrens. In a very thoughtful minority report she found that Henley and Grange had provided its area with a high quality of local government which has been both innovative and responsive to the community. She found that its level of service to residents was extremely high. In the Local Government Advisory Commission Report No. 25 at page 27 she further stated:

> If local government is truly about people, then effectiveness must be more important than efficiency. Similarly, Henley and Grange has demonstrated itself to be a sensitive council. The close relationship and close-knit feeling between the staff is often commented on and should be encouraged rather than disbanded.

She further argues:

> In my opinion the current trend in local government towards entrepreneurial activities also needs to be encouraged and Henley and Grange has been a leader in this area. In my opinion the current trend in local government towards entrepreneurial activities also needs to be encouraged and Henley and Grange has been a leading council in this area. It is generally the smaller councils (or middle sized ones) that will be most active in this area. They can be more sensitive to the needs of the community, and are therefore more inclined to try new ideas in the interest of survival and diversification. This must surely be beneficial to the overall development of local government. One of the roles of the commission is to make decisions which will create and encourage better local government.
>
> Finally, I believe that people should have the option of a series of different size councils in which they can choose to live, from small to large. Some may be willing to live in small, intimate, highly serviced councils and pay a higher amount per capita. Others may choose to live in the less personal, cheaper councils. These options must be preserved. Henley and Grange is not such a small size that is unviable. It has also demonstrated good management and performance practices and is therefore ideally situated to justify its present position and future expansion.
>
> In conclusion, I believe that the small size of Henley and Grange has enabled it to innovate and respond to community need. As a consequence, it has offered a wide range and high quality of service which would be retained and improved with an expansion of its area. The proposal by Henley and Grange offers a number of advantages in that it improves scale economies for Henley and Grange, and rewards a progressive well respected organisation.

Further in this mould, Professor Richard Blandy, who at that time was the Director of the Labour Studies Department at Flinders University, commented on the Henley and Grange issue and supported this argument of Meredith Crome to the commission by stating that beyond 20 000 there was no evidence that increasing size contributed to greater economies of scale or efficiency. He then went on to say that around 25 000 people achieved the greatest benefit from the economies of scale while retaining the responsiveness to their community.

Professor Blandy also noted that it was possible for a small council to have low administration costs and for large councils to have high administration costs. In regard to overhead costs, household garbage collection, drainage and recreation, and cultural expenditure, no evidence of scale of economies was revealed in the study. Professor Blandy drew the commission's attention to a number of writers and experts in organisational practice who have questioned the advantage of large size. Examples were quoted of businesses which had been separated into small units to achieve more personal organisations.

Professor Blandy mentioned the Adelaide College of Advanced Education which some years ago had amalgamated a number of campuses into a single college but had now found it desirable to appoint separate campus deans with considerable autonomy. It was his opinion that, in determining desirable council size, consideration must be given to smaller units, but not those which were uneconomic. He suggested that Henley and Grange illustrates the qualities of government that people would increasingly desire in the future.

In another recent publication by Professor Blandy, when he was head of the economic unit at a Victorian University, called 'Learning to ride the third wave,' he states:

> At the head of mankind's long and continuous struggle for a decent society lies a belief in the fundamental value of the individual human experience, the value of giving the fullest possible expression to each person's sense of identity. This is not an isolation thing. Identity is meaningless without a context of others to share and affirm who we are. To holiday on one's own can be a lonely and unfulfilling experience.
>
> As we have seen so vividly in events in Eastern Europe, the Soviet Union and China, the desire for free individual expression can never be extinguished. It is enshrined in the greatest of mankind's political documents—like Magna Carta, the American Declaration of Independence and the communist manifesto. It is a desire so fundamental that it is leading us now towards a new phase in human civilisation, to the revamping of social arrangements unlike those that currently predominate, to a society of highly productive, cooperating, small, family-type units which is compassionate, human, resourceful and free.
>
> The post-industrial third wave future is essentially a rejection of bigness, centralisation and bureaucracy. Its motto is 'small is beautiful.'
>
> John Ralph [a prominent Australian company chief executive officer] has often said that unless big business can give the feel of small business it is finished. Large firms such as Mayne Nicholas, for example, are organised as a number of quasi-autonomous smaller businesses with the role of headquarters being as an investment bank and consulting group to the business. Divisionalisation and devolution are the new orders of the day. BHP as another example has devolved the making of its enterprise agreements to its various plants a revolutionary move responded to with enthusiasm by FAI (now FIMEE).

Professor Blandy further states:

> Let me give you just two descriptions (among many possible) of the elements of this new order, the first by the famous sociologist, Eric Trist, one time head of the Tavistock Institute in London, whose research on workplace organisation was path breaking and influential. Trist, writing in journal *Futures* in 1980 sees a coming rejection of technocratic planning. The planners will be replaced by an organic 'homographic' system of organisation in which the parts are self-regulating but interdependent, with the glue provided by markets and shared objectives at the grassroots. Organisations become decentralised and power is dispersed rather than concentrated. This development is assisted by the revolution in communication and microelectronics. The periphery is freed from control by the centre. Self-reliance becomes more important, while lifestyles place less emphasis on material goods. Political power shifts to the regional and community levels because of breakdown in the capacity of over-centralised national Governments to deal with increasing pluralistic societies. People take more responsibility on themselves. Individuals are freeing themselves from institutional bondage through active use of their personal networks.

That was taken from *Learning to Ride the Third Wave*, by Professor Blandy and, as my colleague the Hon. Trevor Crothers would know, the third wave idea was Alvin Toffler's. I would recommend anyone to read the full text of Prof Blandy's reasonably short paper. I am excited by the writing and thinking of Prof Blandy and Meredith Crome as they exactly match my gut feeling, which I have never be able to quantify in writing. In conclusion, the findings of Meredith Crome and Prof. Blandy indicate that economies of scale are not necessarily achieved by becoming bigger, which was proved by the Henley and Grange model. Professor Blandy in his paper has indicated that organisations and governments, due to improved technology and the requirements of a pluralistic society, are becoming decentralised. These findings are supported in the recent reform debate in Adelaide by such people as David Clements and Peter Smailes (and I have quoted him).

The ideal economic unit size of approximately 20 000 is also supported by Thompson and Easom from Flinders University in a paper written for the former Department of Local Government. All these papers have been around for zonks, yet people are still talking of 80 000 to 200 000, when most papers, with some criticism, are almost unanimous that 20 000 to 25 000 is the ultimate efficient size. Why are we talking about 50 000 to 200 000? I do not know. As referred to earlier, the ILAC Parish model gives the suggested framework to the theory that bigger is not necessarily better but, if councils want to achieve better economies of scale whilst retaining local identity, pooling resources as per the ILAC model may well be the way to go.

The Victorian experience has been well publicised, and I criticised it earlier. It has similarities with earlier developments in New Zealand, where the structural reform process has focused on imposed amalgamations of councils by dictates of central governments. The Tasmanian Government took a different approach to the structural reform of local government in that State. In this case, the Government made it clear and non-negotiable that reform in terms of council amalgamation was required—which is the stick—but provided for a period of time for local government itself to negotiate the details of the amalgamation process. There is a bit of that in this Bill.

In Queensland the Government has adopted a similar approach in that a commissioner has been appointed to examine a report on structural adjustment of council boundaries on a regional basis with reference from the responsible Minister, and that reference was in the structural reform task force, which is local government's own paper. Brisbane City Council—the nation's largest single authority—servicing 744 000 residents, is often cited as a model for what is right and what is wrong with local government on a large scale. Dr Jones states:

> There are economies of scale in providing services. If (Brisbane City Council) is able to achieve a high degree of equalisation between areas because the provision of services is more equitably distributed than would be possible in a diverse set of small local authorities. And larger administrative units tend to achieve greater equity and therefore improved social justice in the populations of those areas.

That quote might have been in the MAG report. In a submission to the EARC last year, Dr Jones, a well-known local government commentator concentrating on Queensland, said:

> Self-government and the opportunity to influence decision making counted for more with most communities than small hypothetical savings in administrative costs.

He also believes Pittwater on Sydney's north shore will prove that smaller councils make better councils. The Greiner Government allowed Pittwater to break away from Warringah Shire. It is believed that this move allowed residents to look forward to a more personalised service. Mr Eric Green, the Mayor of Pittwater, in 1992 said:

> You might have all the goodwill in the world, but in big councils like Warringah the councillors simply do not have the time to spare to give detailed attention to matters which might affect individual constituents. What then occurs is that the imperative local government passes from the elected people to the bureaucracy. So instead of having a council working for the community, you eventually have a council that is working for the benefit of its paid staff.

That was in the *Weekend Australian* in 1992. All I can say to that is, 'Hear, hear!' I have not attempted to debate the individual provisions within the Bill. However, I have been long on the directions and interference that this Bill seeks to impose on people—not local government. My fundamental beliefs about local government are set out in my contribution. As I said at the outset, I find myself in no-man's land. It is not very comfortable, but it is never comfortable to defend personal principles and freedoms.

Local government has been reforming itself for years, and increasingly so over the past five to 10 years. For instance, resource sharing has been practised for many years. When the Hon. Anne Levy was Minister for Local Government, I recall going to Walkerville council when it was part of an initiated process of sharing library services with Prospect and St Peters five to seven years ago, and the Hon. Anne Levy proudly opened that system of sharing library resources. I have been around regional areas and to a certain extent the metropolitan area where councils are demonstrating that they are keeping their areas intact while sharing road-sweeping brooms, graders, rollers or whatever, so that they do not all need the same machinery.

As I have said, with the new technology—none of which I can use, but I can appreciate the benefits—and providing the ability to decentralise, I cannot see why we are talking about getting bigger. I believe that councils have been and will go on reforming. As I indicated, they will go on reforming in their own time, but it must be from the bottom up. It is from the bottom up where we want reform, not from the top, with the Commonwealth or State Governments telling them that they have to reform and how. Both Commonwealth and State Governments can help in this process by cooperation, not intimidation.

I urge thinking people inside and outside this place to consider carefully the future direction of local government. People in local communities, whether in North Adelaide,

where I now live, or in Keith, where I have my farm and spent the best 30 to 40 years of my life in a small country community, should consider this matter. I believe that local people should be allowed to make the decision and not have it forced upon them.

The Hon. DIANA LAIDLAW (Minister for Transport): I thank all members for their contributions to the debate. In every instance they have been thoughtful. They have demonstrated considerable interest in State and local government affairs in relation to local communities, in many instances reflecting personal involvement in local government, as was demonstrated by the Hon. Anne Levy, a former Minister for Local Government, and the Hon. Caroline Schaefer and the Hon. Jamie Irwin who served in local government in country areas over a number of years.

Many matters have been raised about this important Bill which will be discussed further in the Committee stage. As regards the commitment to reform by the Local Government Association and local government in general, the Government appreciates the enormous effort that has been made to grapple with all the issues. Generally, there has been widespread support amongst councils for this Bill.

In respect of the comments made by the Hon. Paul Holloway in terms of the Opposition's arguments and its concerns about the powers of the board, we would argue that the powers are the minimum it needs to do the job in the time available—and that is a relatively short time period, as most members have acknowledged in this debate to date. We do not accept that the powers are excessive or beyond precedent.

Other members raised the issue of appeal by councils from decisions by the board, and the Government is prepared to look at this issue when we debate the amendments that have been foreshadowed but not yet tabled by the Opposition. In terms of the appeal to the Minister, we would likewise be prepared to look at this issue further.

With regard to the total opposition to the rate setting powers that have been highlighted by a number of members on behalf of councils generally, the Government believes that the rate reduction is the only tangible way of demonstrating the benefits of amalgamation to people throughout the local area, the community in general, as well as to business and others that must work with local councils on a regular basis. We consider that the 10 per cent decrease is not an onerous sum in this instance.

A number of members have talked about the threshold in terms of a binding elector poll and have expressed concern about the 50 per cent majority rule, proposing that 40 per cent would be a more acceptable figure in terms of voter turnout. Again, the Government will be giving some consideration to this matter.

I understand that various amendments will be moved by the Opposition and the Australian Democrats, and they will be considered carefully by the Government prior to resumption of debate on this Bill next Tuesday.

Bill read a second time.

In Committee.

Clause 1 passed.

Progress reported; Committee to sit again.

WORKCOVER

The Hon. K.T. GRIFFIN (Attorney-General): I seek leave to table a ministerial statement made by the Minister for Industrial Affairs in another place on the issue of WorkCover.

Leave granted.

STATUTES AMENDMENT (WORKERS REHABILITATION AND COMPENSATION) AMENDMENT BILL

Received from the House of Assembly and read a first time.

The Hon. K.T. GRIFFIN (Attorney-General): I move:

That this Bill be now read a second time.

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

This Bill addresses a number of technical matters relating to the *Workers Rehabilitation and Compensation Act 1986* and the *WorkCover Corporation Act 1994* which have been incorporated into one consolidated Bill. These matters have arisen over the past six months, and whilst important in their own right, have been deferred until now whilst the Parliament has dealt with broader issues relating to WorkCover legislation and the dispute resolution system.

There are six issues dealt with in this Bill. They concern the cessation of weekly payments at retirement age, the delegated powers for the self-managed employers pilot scheme, the definition of unrepresented disabilities and three exempt employer issues. The exempt employer issues concern application fees for exempt status, differential administrative levies and the assessment of outstanding liabilities when ceasing exempt status.

The policy issues related to each of these matters have been discussed with key industrial stakeholders through the Workers Rehabilitation and Compensation Advisory Committee and, to a lesser degree, with the Working Party which was recently established to consider the dispute resolution legislation passed by this Parliament last month.

The proposed amendments to section 35 of the Workers Rehabilitation and Compensation Act 1986 concerning retirement age and sections 14 and 17 of the WorkCover Corporation Act 1994 are necessary as a consequence of recent decisions of the WorkCover Review Panel and Workers Compensation Appeal Tribunal which have declared previous legislative amendments made by this Parliament on these issues to be invalid or inoperative.

In relation to the cessation of weekly payments and retirement age, the April 1995 amendments to the principal Act limited the payment of weekly compensation from the previous statutory formula to pensionable retirement age under Federal social security legislation. The effect of this amendment, which came into operation on 25 May 1995, has been that weekly payments of compensation to men have ceased at age 65 but to women at age 60. This provision has been successfully challenged before a Review Officer and the Full Workers Compensation Appeal Tribunal in the matter of *WorkCover v Piller* as being constitutionally inconsistent with the Federal Sex Discrimination Act 1984.

This Bill proposes a common date for the cessation of weekly payments at age 65 for both men and women (or an earlier date where a normal retirement age for that occupational grouping can be established).

This measure is to be made retrospective to 25 May 1995.

One of the key elements of this Parliament's amendment to the WorkCover scheme passed in May 1994 (and operative from 1 July 1994) was the introduction of a Self-Managed Employers Pilot Scheme which allows some large non-exempt employers to manage their own claims. This scheme has operated successfully for nearly 12 months.

However, a decision of a Review Officer on 6 September 1995 in the matter of *WorkCover (Inghams Enterprises) v Warren* decided that the legislative provisions passed in May 1994 did not confer sufficient power to the WorkCover Board to allow this scheme to operate independently from WorkCover. That decision was upheld by the Workers Compensation Appeal Tribunal on 25 October 1995.

The Bill redrafts the statutory powers of delegation to specifically address the grounds raised by these decisions, and will enable the Self-Managed Employers Pilot Scheme to continue.

This measure also needs to be made retrospective to the commencement of the WorkCover Corporation Act, 1 July 1994.

When the Parliament restricted compensation for journey accidents in its May 1994 amendments, it consequentially amended the definition of an 'unrepresentative disability'. An 'unrepresentative disability' is a disability that does not become part of the

claims cost of that individual employer for the purposes of levy calculations. WorkCover has recently identified an unintended consequence with the operation of this amendment. The amendment was not intended to apply to those journeys which form an integral part of the employment eg transport industry. This has meant that employers in those industries have not had their claims taken into account for bonus/penalty purposes.

The Bill addresses this issue by restricting the definition of "unrepresentative disabilities" to disabilities in section 30(5)(b) of the principal Act and not disabilities in section 30(5).

In relation to exempt employers, there is no legislative basis for an application fee to be payable when a business seeks exempt status. This means that the administrative costs associated with processing applications fall on existing exempt employers.

The Bill proposes that an application fee can be levied for application for exempt status. The amount of the application fee is to be fixed by regulation.

Under the existing Act, WorkCover is required to impose an administrative levy on exempt employers. However, the current legislation does not enable WorkCover to distinguish between types of exempt employer when applying this levy. A portion of this administrative levy is to be applied against the potential insolvency of exempt employers. The Government is an exempt employer. It is not appropriate for the administrative levy paid by Government exempt agencies to be applied to the insolvency fund relating to private exempts.

The Bill proposes that the Corporation can apply differential percentages between exempt employers to enable distinctions to be made, for example, between Government and non-Government exempts.

Section 50 of the principal Act enables WorkCover to take over the liabilities of former exempt employers who cease to be exempt, but continue to employ as a registered employer. The Corporation may recover from the employer an amount representing the capitalised value of the claims outstanding. However, the current legislation does not enable transitional arrangements to be established enabling claims to be run-off by either the Corporation or the employer, with the Corporation accepting liability but delaying (on actuarial advice) the assessment of the capital sum payable by those employers.

The Bill proposes to enable the Corporation to recover liabilities as a debt due, and have those liabilities estimated and capitalised at a later time in accordance with principles set out in regulation.

These amendments will provide the necessary legal basis to continue the self-managed employers pilot scheme, and overcome unintended consequences associated with the retirement age issue and the definition of unrepresentative disabilities. They will also enable more practical and effective measures to be imposed on dealings between WorkCover and exempt employers.

I commend the Bill to the House and seek leave to have Parliamentary Counsel's explanation of clauses inserted into Hansard without my reading them.

Explanation of Clauses

The provisions of the Bill are as follows:

Clause 1: Short title

This clause is formal.

Clause 2: Commencement

The amendment relating to the determination of a worker's retirement age under the 1986 Act is to be taken to have come into operation on 25 May 1995. The amendments to the *WorkCover Corporation Act 1994* will be taken to have come into operation on 1 July 1994, being the date on which that Act came into operation. The balance of this measure will be brought into operation by proclamation.

Clause 3: Amendment of s. 3—Interpretation

This amendment replaces the definition of "unrepresentative disability" under the *Workers Rehabilitation and Compensation Act 1986* so as not to include a disability arising from a journey under section 30(5)*(a)* within this concept.

Clause 4: Amendment of s. 35—Weekly payments

This amendment relates to the retirement age of a worker for the purposes of the *Workers Rehabilitation and Compensation Act 1986*. It is proposed that the age be the normal retirement age for workers in the relevant kind of employment, or 65 years, whichever is the lesser.

Clause 5: Amendment of s. 50—Corporation as insurer of last resort

This amendment clarifies the Corporation's right to recover the amount of liability that it may incur if an employer ceases to be an exempt employer. Any estimation or capitalisation of liabilities will occur in accordance with principles prescribed or adopted by regulation.

Clause 6: Amendment of s. 62—Applications

This amendment will provide for the prescription of a fee that will be payable if an employer applies for registration as an exempt employer.

Clause 7: Amendment of s. 68—Special levy for exempt employers

This amendment will allow the Corporation to apply a differential levy to exempt employers under the Act.

Clause 8: Amendment of s. 14—Powers

It is intended to revise the provisions relating to the conferral of powers on private sector bodies under section 14 of the *WorkCover Corporation Act 1994*. In particular, provision will be made for the referral of power to a private sector body to manage and determine claims, provide rehabilitation services, be involved in various programs, and collect levies, under an authorised contract or arrangement. Such a contract or arrangement will be a contract or arrangement with an exempt employer, a rehabilitation provider or adviser, or an employer registered under a pilot scheme, or a contract or arrangement approved by regulation.

Clause 9: Amendment of s. 17—Delegations

This amendment will expressly provide that the Corporation can delegate a function or power to a private sector body in connection with an authorised contract or arrangement under section 14 (subsection (4)) of the Act.

Clause 10: Saving provision

This clause will save the effect of a certain decision of a Review Officer (in a particular case) from the operation of the amendments to the *WorkCover Corporation Act 1994*.

The Hon. T.G. ROBERTS secured the adjournment of the debate.

7.30 REPORT

The House of Assembly intimated that it had agreed to the Legislative Council's resolution.

SOUTH AUSTRALIAN MULTICULTURAL AND ETHNIC AFFAIRS COMMISSION (CONSTITUTION OF COMMISSION) AMENDMENT BILL

Adjourned debate on second reading.

(Continued from 22 November. Page 688.)

The Hon. P. NOCELLA: The Opposition will support the second reading of this Bill with some comments. In looking at the first amendment to clause 3, relating to the constitution of the commission, we feel that the deletion of the representative of the United Trades and Labor Council is really a retrograde move. That opinion is based on the experience that has been recorded over the years during which the United Trades and Labor Council, through its representative, has provided a very substantial contribution to the work of the commission. In fact, not only has it provided advice derived and drawn from a large membership but also the individuals who have served on the commission have been very knowledgeable and active members of that forum.

The other part of the amendment seeks to increase from three to four the statutory requirement for gender balance. In the current Act there is a requirement to have at least three men and three women. This amendment suggests that there should be at least four men and four women. That does not seem to be such a big change. It is probably change for change sake. If one wanted to go further down that path, one could even increase the number of each gender. It is largely a cosmetic change which is okay in the main.

The amendment that seems to have generated a lot of confusion, at least in the debate in another place, is that which seeks to separate the responsibility of the Chair of the commission from the responsibilities of the Chief Executive Officer. In many cases, as I have noted from the debate, there seems to be a lot of confusion about the fact that these two positions are totally separate. They are already totally separate. We are talking about two separate organisations, one being the South Australian Multicultural and Ethnic Affairs Commission, which is a statutory authority governed by the Act which is now in the process of being amended.

That organisation is basically an advisory body which consists of 15 members. I note that there is no suggestion to change that and that with the new amendment we will have at least four men and four women. The other organisation which is sometimes confused with the commission is the Office of Multicultural and Ethnic Affairs. That is part of the Public Service of this State and, as such, it is an administrative unit which is placed under the stewardship of a chief executive officer. The Chief Executive Officer of the Office of Multicultural and Ethnic Affairs is not and cannot be a member of the commission. He is a public servant and, as such, is part of the administrative arm of the commission. What seems to be a great discovery is that these two positions should not now be vested in the same person. It seems as though people have very short memories, because for the duration of its 15 years of existence the two functions have been vested in the same person with the exception of a period of three years. This is where people seem to display a very short memory and a great deal of confusion, especially those who should know better, because they are serving on committees that apparently advise on these matters.

No problem was raised in 1980 when one officer was in charge of the whole organisation, and that was the case until 1989. In 1989, substantial amendments were introduced and the two positions were separated. That was the case for only three years. So it seems now as though some people have made the great discovery that the two positions should be separated. They have been separated, and they are separate as such. I will not belabour the point. I accept that some administrative arrangements are within the province of the Government to introduce, but for the record I think it important to state that the two positions are completely separate and have been since 1989.

The Hon. J.F. Stefani interjecting:

The Hon. P. NOCELLA: Not in my case. I was appointed separately to two discrete and separate positions. I will refer to those historical records so that people understand the history of these two organisations (not just one) and how they interact with each other. It seems also that reference to terms such as 'ethnic', 'multicultural' or 'multiculturalism' have now been given great prominence and been rediscovered. This is all very perplexing because most of these matters were discussed, debated and introduced in 1989 when the Act was substantially amended. The number of members was increased from nine to 15, the term 'multicultural' was introduced into the name of the commission, and the definition of 'multiculturalism' in the legislation—the only one in Australia and one of few in the world with the possible exception of a Province in Canada—was introduced. All this is part of the history of these organisations and should not be such a surprise or the subject of amazing discoveries that some members seem to be making at this late stage.

Turning to clause 4, the ability to appoint a person for a period not exceeding the balance of the term left by a retiring member is somewhat perplexing, too. If by doing so the Minister is able to adjust the appointments to coincide with yearly rhythms whereby some members come off and some others are appointed, in that case I would imagine that this amendment could be helpful. Other than that, if that is not the case, it would seem to be largely unjustifiable. With those comments, I indicate that the Opposition supports the amendments.

The Hon. J.F. STEFANI secured the adjournment of the debate.

ADJOURNMENT

At 6.21 p.m. the Council adjourned until Tuesday 28 November at 2.15 p.m.