

LOCAL GOVERNMENT (RATE OVERSIGHT) AMENDMENT BILL*Second Reading*

Debate resumed.

Mr BROCK (Frome) (16:54): I rise today to speak on the bill. The bill being debated today, in my opinion, is being discussed without a complete understanding of how it would work, and I will explain a little bit further on. The merits or otherwise of the concept of rate capping have, I believe, not been fully explained to the community itself. To the general community, this idea sounds excellent and very attractive, but I do not think they really understand the consequence that may eventuate from it.

What on the surface seems to be a really obvious move on the third tier of government might well prove to be, in the end, only a cost-shifting exercise. South Australian councils, as with Victorian councils, can introduce a service charge, and South Australian councils have already had that opportunity.

I know from experience during my time on council, when we experienced a couple of years where the Port Pirie Regional Council had to do exactly what we are proposing to do today—that is, we had a rate capping situation there for a couple of years due to the amalgamations going on there—this created not only extra red tape, time delays and extra costs but was also very frustrating for the administration not being able to get their budgets out on a regular basis. We need to ask ourselves: will this bill really and truly reduce the cost-of-living pressure we are all keen to curb in this house?

The Hon. T.J. Whetstone: Yes, it will.

Mr BROCK: Thank you to the member for Chaffey. Is there a better way to work with local government to achieve this end? Will councils need to reduce their all-important community services, implemented to ensure that people have access to vital services not provided elsewhere? How will councils cope with the additional costs in dealing with waste collection, disposal and recycling?

I am asking this because I think that we need to really seriously look at the consequences of this. I am not saying that all councils are operating effectively and efficiently, because some of them are not doing that and they need to look at themselves. Local councils, or local government, are currently responsible for what they extend to their ratepayers in the way of services and costs and they have to answer for their actions.

If this bill comes into effect and the situations become drastic due to not being able to raise sufficient funds, then the councils themselves will not be held responsible because they are being told by an outside authority what funds can be raised. Again, I am not saying that councils all operate efficiently, as they are all varied and, in my view, the whole of the Local Government Act needs to be given a complete overhaul. I had a discussion with the Minister for Local Government today regarding that.

Many of the details of the rate capping model are not completely defined in the bill and are yet to be established by the proposed regulator, which I understand will be ESCOSA. There is no detail provided on the methodology or the formula in determining how a price index will be determined. I also understand that ESCOSA has indicated that an issues paper will be released in August 2018 on these additional details; however, we are debating this bill here today without this issues paper.

I also understand that there has been an agreement with the Local Government Association where they have gone out to all their councils asking for their view of acceptance or non-acceptance of this form of the bill, to be returned by Friday 3 August. I have heard from previous speakers that the government have fully consulted local government and the community. I question whether the current situation, where this information is not coming back until August, is a complete and honest consultation.

Do not get me wrong, local government needs to have a close look at their operations and how they communicate with their constituents to try to increase the community's confidence in councils. There has been over many years lots of cost shifting from state governments to local councils. One of the areas where governments can assist is with the appearance of rate notices, which is what people look at. They look at the total rate notice, which also includes the natural resources management fee, which, I believe, and I have said this before, should be collected by governments as they do with the ESL.

There have been comments that this will eliminate the excessive moneys that councils may expend, such as on presents, flowers, legal fees, etc. These costs currently may not be seen directly by the elected members, but are authorised by the administration and may still not be made directly visible to the elected members who, by the way, are the board of directors. That is why I am saying the Local Government Act needs to be completely changed to give more autonomy back to the elected members.

The proposed bill could be referred to the newly established Productivity Commission, providing extra scrutiny and an opportunity for better public understanding and awareness and enabling them to make a well-informed decision. I have had consultation within my electorate, during which time the rate bill did not come up, though the issue of council communication did. I have been listening very closely to this, and I will be listening very closely in the debate session, bearing in mind that, although the government has the numbers in this house, whatever will happen in the Legislative Council will be the deciding factor.

As previously mentioned, local government is unique, in that the system allows councils to decide their spending before adjusting their income. This bill reduces their accountability. There have been many occasions over the years when governments have given grants to councils to provide for certain projects over a certain period of time. The councils then establish those projects or services and, after a period of time, the government subsidy is withdrawn.

This happens at both the state and federal levels. When that subsidy has been taken away, the community still requires and requests that those services continue. Who picks that up? The councils continue to provide the service and, again, that is a system we really need to look at very closely—cost shifting in another form. Again, I believe that local governments themselves need to take a close look at their operations.

As has been mentioned, not all councils are going to be affected by this; it is a minority. I think there is a better way of doing this than implementing rate capping. I will certainly be listening very closely to all the discussions. I have just printed off all today's *Hansard* and will be going through that, but I will be listening very intently during the committee stage.