

HANSARD 10 NOVEMBER 2011
LOCAL GOVERNMENT AMENDMENT BILL 2011

Second Reading

DR M.D. NAHAN (Riverton) [12.46 pm]: I would like to make a few comments on the Local Government Amendment Bill 2011. I think this has been a very constructive debate. Too often in this house we look down on local government. I think it undertakes a very important role and we have to have caution that we do not do what the commonwealth does to the states. In reality, what counts to most people in our electorates is what the local governments deal with—local issues, whether it be trees or roads or whatnot—and we get involved in those very extensively.

If we believe in democracy and we believe in a federal system, we should ensure that we preserve, enhance and support local government. I support this bill and indeed would like to make a couple of statements for the minister to include in it some additional types of activities in the future. I admire the local councillors I know, particularly those of the City of Canning. They do a lot of work that comes at the cost of their families and their other activities, and they have to spend a great deal of money out of their pockets on driving, clothes and other things, and to campaign. I think it is a very good idea to first, consider increasing the stipend; and second, to give it to a body that does so in a neutral and sophisticated manner, and also considers the different cost structures that the stipend needs to be based on from one shire or city council to the next.

It is an excellent move and needs to be considered. As to CEOs, as a former public servant, of some decades ago I might add, I am pretty astounded at the rate and level of increase in salaries at senior level across the public sector at a state and federal level. I think the head of the Reserve Bank of Australia now gets \$1 million a year and most senior officials in the commonwealth receive \$400 000 to \$500 000, and that is excluding all their superannuation, which would increase those figures significantly.

This also occurs across our state. We have had debates about the salaries of senior people working for the utilities, but this also applies to local government. There should be a requirement that all salary packages, including all their detail, should be totally transparent. There is absolutely no reason for the CEOs of these councils to have any excuse not to disclose their salaries in full as part of their job. I note that they work in the public sector and that contractual arrangements have changed in recent times, but they have a duty to disclose.

I would like to comment on a couple of local government matters, particularly the issue of the minister's right to suspend council activity. When we look at the dynamics of local government, we see how some can easily be captured by people. I am not referring to any local council, because I do not know them that well. It is very easy to see how a councillor can be overworked, and, as the member for Jandakot said, the way we remunerate or reimburse councillors' costs could preclude a whole range of people from considering local council representation.

To reiterate, I strongly support the many aspects of this bill, including the review of the stipends to local councillors. A review of those stipends is long overdue. They have not been adjusted for years and for most of the hard work —

The SPEAKER: Members, if you wish to have conversations and you are out of your seats and talking to someone else, I would appreciate, and I am sure that the member on his feet would appreciate, that you take those conversations elsewhere.

Dr M.D. NAHAN: Many local councillors have to pull money out of their own pockets to fund their daily activities on the council and to campaign. The lack of, let us say, adequate contributions to their costs means we are getting a narrow range of people standing to be on councils.

In the City of Canning, in which my electorate of Riverton is entirely in, the council is really struggling to get people to stand for council. Most of the councillors work very hard; they have to do a day job and they are finding it very difficult to function. Many of the people who campaigned to try to get into the council said that things just did not add up. I might add another aspect to this. I am not criticising the people in the council, but there is an increasing number of people who are retired or have been on councils for a very long time. They make a contribution, but the reason they are standing to be on those councils is because they cannot get anyone to replace them. It is good to go through a review of the various processes.

I will comment on the aspects of this bill that allow the minister to suspend the council for six months or so. I think that is very important, because many of these councils are very fragile beasts, politically and economically. I will comment mainly about the metro councils that I know a little bit about, but clearly the rural councils are often very small; there are very large businesses in their areas, but they are very fragile. Historically, people join the councils for a variety of reasons, but the politics of those councils are such that they can be dominated by one or two parties. Politics exists in these councils.

It is hard to get people to join councils and someone could get a coalition of people to band together, join the council, get elected—they only have to have 300, 400 or 500 votes sometimes—and control the council. They can, but not all of them do. If my memory is correct, the council of the City of Canning was suspended back in the early 1990s for a variety of reasons. There is a need for oversight. At times councils get wayward and they make investments and decisions that are not necessarily in the best interests of the ratepayers. Under the existing system, it takes a long time and the process is very cumbersome, firstly, for the problem to be identified and, secondly, to make the council jump through hoops to rectify it, by which time the damage is done.

I have repeatedly raised in this place the investment by the South Metropolitan Regional Council in the early part of the last decade in a compost plant, which was a worthwhile investment; I make no criticism of it. I might add that it was funded in full by a loan from the Western Australian Treasury Corporation and was therefore fully backed by loans from the state. As time went by, it was simply not well managed and there were a series of technical and odour problems. For the local member and the local council—the City of Canning—just trying to get information about the operations of the plant, the investment, the performance and the future economics of the plant was almost impossible.

It required an external body to force the regional council to disclose that information. These regional councils are basically a power unto themselves, because as I understand it, although the members of the councils, at least in the SMRC, are in all cases members of the constituent councils, they are in the regional council representing themselves, not the councils from which they come. Therefore, it is a very difficult process to hold them accountable for these issues. At times I think it would be much better if the state had the power to recognise that local governments are instruments of the state. They do not have separate constitutional powers; they are instruments of the state as they should remain. We have to have the powers to oversight local government. It has to be done very carefully; local governments are democratic institutions and we must preserve that democratic institution.

I repeat what I said earlier: I am a strong believer in a vibrant local government. But at times they go over the wire and the example of the SMRC illustrates that. I believe that with the SMRC we will have \$50 million worth of stranded assets that could have been avoided if it had been managed better over the last 10 or so years.

In this case the council's \$50 million investment was a very large one and councils, like all governing bodies, do not like to back away from and strand assets. They have a hard time coming to the realisation that they made a series of bad decisions that they have to walk away from.

I also encourage the minister to look at what other states do to oversee their councils. Different states do it in different ways. New South Wales and Tasmania have in their budget papers, or at least they did when I used to look at those things, an annual assessment of the economic and financial performance of every local government. They publish it in a separate document. They do an overall assessment and they rate each council. They indicate which rates are going up, what the level of rates is and the size of the administrative structure, which provides data that is simply not available from any other source.

In other words, the state, which in the constitutional sense has responsibility for these entities, has responsibility for not only oversight, but the provision of information to other parties, including local council ratepayers. Tasmania is probably the most thorough in that it provides not only an economic and financial assessment, but collates and adjusts the results according to size, and provides various types of performance indicators. It is also thorough in its description of the range of services provided by councils, outlines their future investments and tries to have them include forward estimates for a four-year period—like we do. It would be very useful for us to start doing that, at least for the city or metro-based councils; the regional ones would be a different issue.

I now refer briefly to the issue raised by the member for Cannington; namely, mission creep. All governments want to do new things. People in our electorates ask us to do things and we go off. I have watched governments at state level increasingly involve themselves in overseas-type activities. I remember that when I was in the bureaucracy, we started up a department of trade for a while; I think the minister knows all about that. However, we started expanding into areas for which we had too little carriage. Local governments do this in spades—albeit not all of them.

The City of Canning does to a great extent focus on the straight and narrow. It focuses on what people want it to do; it is very good at that. Others, however, have started getting into enterprise development. One area that I am most concerned about, an area that local councils have a great deal of responsibility for, is the detailed dictation of activities for people's houses in the planning process. Local councils are becoming too involved in the metro planning process, and it is not only slowing down the process and adding little value, but also sometimes taking investments to where they should not go. The member for Cockburn raised the issue about his council starting to think about investing in multi-dwelling apartments, which is completely inappropriate for a local council.

Regulation is another area that we need to look at. Councils are going mad on regulations in terms of not only building issues, but all other aspects of life. Often councils hide behind the rule of regulation to do nothing. A regulatory review process of council activity would be a very useful exercise down the track to try to find out which councils are efficient and which are not. About five years ago, some building regulation work was done to compare the various metro-based councils. I believe Stirling came out very high in the ranking at the time in how it communicates, in what it does and in setting time lines. That would apply some useful competitive pressure on the metro councils. One of the benefits of federalism is competitive federalism, and although the metropolitan cities vary quite a bit, they have a commonality of service. It would therefore be a very good idea for the state to start looking at regulation and the scope of government. Generally, I stood today in strong support of this bill looking at remuneration for the councillors and mayor and the chief executive officers and senior staff. I also stood in strong support of the minister's powers to act to suspend a council when and if necessary.