

HOUSE OF ASSEMBLY

Tuesday, 24 July 2018

The **SPEAKER (Hon. V.A. Tarzia)** took the chair at 11:00 and read prayers.

The SPEAKER: I respectfully acknowledge the traditional owners of this land upon which the parliament is assembled and the custodians of the sacred lands of our state.

Bills

LOCAL GOVERNMENT (RATE OVERSIGHT) AMENDMENT BILL

Second Reading

Adjourned debate on second reading.

(Continued from 20 June 2018.)

The Hon. A. PICCOLO (Light) (11:02): I indicate that I am the lead speaker for the opposition on this matter. Having said that, I will not go on for hours and hours, but will make a brief contribution to this bill. In making this contribution, I am of the understanding the government has given the LGA an undertaking that this matter will not be debated in the upper house until after the winter break. It is on that basis that we are proceeding with this matter.

I would like to indicate that, given the matter will be debated in the upper house after the winter break, the opposition has not formulated its final position on this matter and is still in the process of engaging with local government and others within the sector in order to reach a position that we believe is best for the community at large. In addressing this bill, in part, the role of the opposition is also to provide a critique of the bill and to reflect the views that have been expressed, both in support of the bill and also against the bill, and I will be doing so in my second reading contribution.

I indicate that a lot of the issues will be fleshed out in the committee stage of the bill. There are a number of questions that need to be addressed and matters to be clarified, and this will be done by myself and my colleagues throughout the committee stage. But, as I said, my contribution will be brief. The first thing I would like to touch upon is the engagement processes undertaken in arriving at this bill as it is before us in this chamber today.

In a news report in a local paper, the minister is quoted as saying that he would be seeing feedback from the state's councils and engaging with local government extensively both before the bill is prepared and also after it is tabled. It will be interesting to see, through the committee stage, what that engagement has been, because the feedback I have received is clearly of mixed views.

Also, I have taken into account that the minister has given this house an assurance on a number of occasions that in his approach to matters before him, both in transport and local government and across his portfolios, he will deal with these matters in a very mature, adult way. I am sure we have been told that on a number of occasions and I suppose this is an occasion where we could put that to the test, because the way he has engaged with local government would indicate how adult and mature he is in his approach to getting these matters in parliament.

I think, in trying to pass that test, it is best to quote the individuals themselves. I think there is nothing better than what people actually say and do rather than what they profess to say and do. I quote from the second reading speech on 20 June when the minister tabled the bill and spoke to it. These are the comments he made:

I can think of no other sphere of government that can increase its main tax to this level in disregard of the views of their communities. Clearly, more oversight is needed, and this is exactly what this bill will deliver. The bill will cap the amount of revenue that councils can gain through their primary rating tool: general rates. This will require councils to carefully consider the decisions they make around their own operations and seek efficiencies ahead of greater revenue.

The bit I wish to emphasise and highlight here, because I think it goes to the core of this minister's view of local government generally, is the following:

I can think of no other sphere of government that can increase its main tax to this level in disregard of the views of their communities.

What the minister is alleging here quite strongly is that, as far as he is concerned, year in year out those people in those local councils, elected members and mayors who are embedded in those communities across the state, have a complete disregard for their communities and go about their business without any regard for their communities.

From my point of view, that is quite an insulting comment to make and quite an arrogant comment to make. It also disregards some of those elected members who have served their communities, in particular some of the members in those rural areas who have served for many years and many decades, and this is what this minister thinks of them. He thinks that when they turn up to a council meeting, they have complete disregard—and I am using his language—for the views of their communities.

Again, we will see if the minister meets the test he has set for himself that he will act and deal with this in a very mature and adult way in his portfolio. This involves dealing with local government on this bill. He made this comment in response to a Dorothy Dixer in a question from the member for Davenport, Mr Murray, on 19 June when the member for Davenport asked:

My question is to the Minister for Local Government. Will the minister update the house on the government's progress towards capping council rate rises?

Again, I will quote the minister's response from *Hansard*. Apart from other things, the minister said the following about the progress:

What is interesting about the discussions that we have had—

and I assume he means with local government—

and this goes to the central crux of why we need this legislation, is that the nature of the conversation is changing. This cap will be put in place once the legislation passes this parliament. It will, over time, curb the increases that local governments will punish their ratepayers with. It will accumulate, but in the first year it will save tens of millions of dollars, but year on year it will deliver savings year after year to the ratepayers of South Australia.

He went on to say:

For the first time in any discussions that we have had—

I want to emphasise that—in any discussions—because it is very important. Again, this reflects the minister's view of local government and all those hundreds of local elected members in our communities right across the state, elected members who members opposite will deal with on a regular basis, and this is what this minister thinks of them. He said:

For the first time in any discussions that we have had, the local government sector is talking about ways to do more with what they've got.

I emphasise that he said 'for the first time'. He said:

For the first time, instead of just going back to ratepayers and asking for more money—and for evidence of that you need only look at the fact that we have had 6 per cent average increases...

What the minister is saying is that, until he was minister, every councillor and mayor in local government that people across the chamber have known for most of their lives has basically said, 'We just go in there and jack up the rates. We don't care about the community.' That is what the minister is saying. That is exactly what this response is to that question. He has complete disregard for elected members and councillors in this state.

These are people who day in, day out serve their local communities. I am one them; I have done that in the past. I am not trying to defend myself, but certainly those opposite would know many hardworking local elected members in their community, and I am sure from time to time they have praised them. It is interesting that their own minister thinks that, until our minister delivered his sermon on the mount to the people of South Australia, local councils were actually doing nothing about efficiencies and nothing about delivering services as effectively as possible to the communities. They just went along and had a few tea parties and just jacked up the rates to reflect that.

Personally, I think that is quite an insulting view of local government. It is quite a condescending view of local government and one that is quite wrong. In my time in public life, I have met some really excellent elected members who I actually hold high regard for. This is just a reflection of what this minister believes of local government. He talks about engaging local government. It is interesting, because he tends to give the impression in some of his public comments that essentially local governments are on board. In fact, in one reference he says he has spoken to between 20 and 30 councils, indicating they actually understand why this is important—that is, basically to stop the waste in local government.

I went through the local papers to see what the mayors and councillors and CEOs have said, particularly in the rural areas of South Australia. One thing I do have a high regard for is the rural press in our state. I think the rural press do a wonderful job. People would know my views about that. I have expressed strong views about our rural press and how they do reflect the opinions of their communities and work really hard for their communities.

These are some of the quotes that we have been able to find in the local papers right across the state. In Mount Barker's *The Courier*, which is an excellent paper and an award-winning paper, Adelaide Hills Mayor Bill Spragg said:

I think the capping is blunt instrument. If they want to show we're overspending in certain areas, I'm quite happy for them to go through a process of vetting our budgets.

We put them out for the community to comment and the community can tell us whether or not they think we're over-spending.

If the community says 'we think you're spending too much money' and councils ignore it, then I think, yes, the Government should step in.

Clearly, that is not an endorsement of this bill. Mayor Keith Parkes of the Alexandrina Council in Victor Harbor's *The Times* newspaper said:

We, like many other councils, work very hard to keep our rates as low as possible and when there's bigger projects to fund, we consult with the community.

He goes on to say:

The state government have to realise that the road networks and other major infrastructure are things we really need to do...

What the mayor says there is contrary to what the minister said. They actually do turn their mind to trying to contain their budgets. They do try to maintain control of their expenditure and they actually are ultimately responsible to the people in the areas. The CEO of the District Council of Barunga West was quoted in one of the leading regional papers in the state, the *Yorke Peninsula Country Times*. He said:

Council will need to keep any rate rise as small as possible and this will be a challenge, especially with the ongoing pressure to increase the level of maintenance of council's unsealed road network.

Again, what this CEO is saying is that they actually give a lot of consideration to those important priorities in our community. They need to maintain, particularly in the rural areas, a whole road network of unsealed roads.

Eyre Peninsula is not exactly a bastion of socialism the last time I looked. I think that would be a fair comment. This is what Mr Peter Arnold, the CEO of the District Council of Cleve, is reported as saying in the *Eyre Peninsula Tribune*:

It has been proven that rate capping does not work. It is not providing any ratepayer benefit and would mean we would not be able to keep up with our maintenance.

Mr Peter Harder, CEO of the Copper Coast Council, said in the *Yorke Peninsula Country Times*:

I've told staff we're putting all recruiting on hold this year so that's a loss of jobs in our area already. We might have to cut some programs as well.

What this particular rural council is doing is very important because clearly the opinion is, amongst the Local Government Association and amongst the community, that rate capping would have a much more negative effect on rural councils than on the metropolitan councils. Mayor Dean Johnson of the District Council of Kimba, again reported in the *Eyre Peninsula Tribune*, says:

We are opposed in principle to the concept because it will inhibit the ability of communities, in collaboration with their elected representatives, to determine how future local projects contributing to liveability and sustainability will be funded.

Rod Pearson, the CEO of the District Council of Lower Eyre Peninsula was quoted in the *Port Lincoln Times* as saying:

The local government sector has consistently been opposed to rate capping on the basis that council rates make up just four per cent of taxes paid by households, while managing significant local infrastructure used daily by local people.

The Mid Murray Council Mayor, Dave Burgess, was reported in *The Advertiser*—not quite a country paper—as saying:

It's more time and staff time doing things that could be better spent doing other stuff in the organisation.

Mayor Ann Ferguson of the Mount Barker District Council was reported in *The Courier* as saying:

Rate capping is fine for the residents as long as they realise that it will be service capping as well.

It is interesting to note that one thing the minister has not talked about in this whole debate is the potential impact of rate capping. Mayor Andrew Lee of Mount Gambier says in *The Border Watch*:

There are some councils in Victoria where they have rate capping where they cannot have a long-term asset management to repair the road. I do not want to see that happen in our community.

The new CEO of the Wakefield Regional Council, Jason Kuchel, again in the *Yorke Peninsula Country Times*—and I think that would cover some of the member for Narungga's patch—says:

The irony of rate capping is it will cost each community significant dollars just to meet the anticipated reporting requirements.

One of the other things this minister prides himself on when he is talking in this chamber, apart from acting in a very mature and adult way and dealing with people in a mature and adult manner, as we have seen today, is radical deregulation. How is he going to implement this program of radical deregulation? By increasing regulation on local councils and by creating a huge bureaucracy for ESCOSA to have more regulations.

This is a classic *Yes Minister* episode. You actually have less regulation by having more regulation. It is interesting, when you apply some of the basic tests the minister himself has set up, in terms of both radical deregulation—and the only one he has tried is trading hours, and that has not gone too far. Even his dad thinks it is a bad idea. What better commentary than your dad's feedback? And secondly, when he talks about councils and what he thinks of our local government, and I will come back to that.

I could go on and on and quote quite a few councils, but just to be fair, and I said I would not try to critique, there are some people who actually said some things that might not be so equivocal at best—not necessarily supportive, but equivocal. I quote Mayor Bob Sloane, from the Barossa Council, who says in relation to rate capping:

I don't oppose it, if rate capping came in last year, we would have been half a per cent under the cap...It's frustrating but we will work with it...

'We will work with it.' That is interesting. The other issue is that, despite what this minister has said, when you look at most councils in more recent times, over the last five years—which gives a better picture of where local government is at—those rate increases that he has suggested are quite misleading. An interesting by-product of this is that some of the mayors are starting to think, 'If we are going to be under the rate cap, we have cover now. We might increase our rates right to the rate cap because the minister and ESCOSA have given us the tick to increase our rates further.' That could be a rather interesting repercussion of rate capping.

Again, when we look at those views, the question arises: how much engagement has the minister undertaken with the local government sector not only in the preparation of this bill but also since the bill? I have been to a couple of events where he has spoken, and they were more a case of lecturing local government than trying to engage them. A more recent example was at the LGA seminar just a few weeks ago when he came in and read 'the gospel according to minister Knoll' and laid out the law. When this whole debate first started, it was in the context of keeping major costs

down for householders, which is an excellent thing to do. I think that all governments—it does not matter which level they are at—should try to minimise the cost burden to people in the community.

On the day of the conference, he gave *The Advertiser* an exclusive, which is fine. They gave him a front page. He is quoted as saying, 'Rate capping is about restoring faith in local councils.' With this one wand of having rate capping, it will forever be that every person in this state will have the utmost confidence in their local council. It begs the question: when we have surveys, are people generally quite comfortable with their councils? There are examples of councils whose behaviour and performance are poor, and that needs to be addressed—that certainly needs to be addressed—but does rate capping deal with those issues? I will come to that a bit later.

Some of the things that have been said about this are, I think, quite misleading. As I said, I am going to provide a critique of this bill, so I will provide both the arguments for and the arguments against. I will now quote from the 'Inquiry into local government rate capping policies', an inquiry undertaken by this parliament last year. This committee took extensive evidence from a range of people in local government. I will quote some of the concerns expressed by the Local Government Association in their evidence to that inquiry, which was back in February 2016, very recently. In that report, the LGA lists the key disadvantages of rate capping:

- contrary to principles of democracy, accountability and independence of local government;
- there are already mechanisms in place under legislation (long term community and financial plans, annual reporting) to inform the community and provide transparency and accountability in budgeting;
- limits councils' ability to provide local services and respond to specific community needs;
- locally based decision making on revenue and expenditure priorities is more transparent;
- can reduce council accountability for rating decisions, allowing the regulator to be blamed for unpopular outcomes;
- increases infrastructure maintenance backlogs;
- restricts provision of new infrastructure required to meet growth needs;
- excessive rate increases unlikely without capping, and community can judge performance at election time;
- does not recognise different needs and requirements of individual councils or different cost pressures;
- does not recognise the impact on council revenue of externally imposed decisions of other spheres of government eg cost shifting, non-indexation of grants to cover population growth and inflation, additional regulatory requirements;
- administratively complex and costly in applying for exemptions;

Certainly, that is the experience of interstate councils. Additionally, it:

- could result in higher uncapped user pays fees/charges which could result in pricing inequities;

However, the report also quotes some of the people who support rate capping. I must confess that not a huge number of people gave evidence to support rate capping. I think the former mayor of Unley gave evidence to support rate capping. I am also aware that he ran for state parliament but I do not think he quite made it.

Some of the key advantages of rate capping according to that report are that it:

- protects rate payers from excessive rate rises;
- achieves the objective of constraining rate increases;
- processes for variations beyond the cap allow councils to increase rates to meet local needs and circumstances;
- provides an independent 'watchdog' function for ratepayers;
- prevents the misuse of monopoly power in the supply of some basic community services;
- helps to restrict council provision of non-core services and infrastructure that might be unsustainable;
- imposes financial discipline on councils;

- manages the risk of poor governance in the local government sector;
- forces councils to become more efficient;
- improves accountability as a result of public scrutiny of applications for increases beyond the cap.

These are some of the things that were said in evidence. These are not the findings of the report; this is the evidence given to the committee, and the majority of the committee's recommendations were quite clearly against rate capping. There was a minority report, and I think the current Speaker was part of that minority report, if my memory serves me correctly, and so was the minister. It is interesting that the minority report talks about all the things that are wrong with local government, which is appropriate, but it says all these things will be fixed by rate capping, yet there is no evidence in that minority report to suggest a link between the two.

In mentioning some concerns, and one concern expressed to me by a number of councils, I think it is very important that I quote the minister from a report posted by him on 28 May:

'It does mean we are looking at a gentler cap because we're very clear that we don't want to retard economic growth in any way.'

The government felt keeping growth on local government's 'side of the aisle' would incentivise and encourage growth within council areas rather than discourage it.

'We're very keen for that to happen and to give that flexibility to council, especially those higher growth ones,'...

That view expressed by the minister is interesting because the view expressed to me quite publicly by those high-growth councils, particularly those peri-urban councils, is that this bill, despite what it says, actually punishes high-growth councils. It punishes those councils who invest in infrastructure as a way of attracting private sector investment, these things that create jobs in local communities. In fact, my own council, councils to my immediate south and certainly councils to my north have expressed views about this. One of the gravest concerns about this bill is its ability to punish them for growing, particularly in the areas of industrial and commercial land growth, those areas that actually grow jobs.

The minister goes on to say that the growth factor is taken into account because the provision allows for taking into account new assessments. If the minister had engaged with local councils, as he promised he would and as he says he has done, he would understand that, in terms of new allotments, that is only one part of growth. The other part of growth is where on one allotment you attract new investment, and you attract factories and shops etc., which are capital growth, but still there is no change in the assessment so you do not take it into account.

Those councils which have quite a strong growth factor—and that is certainly the councils in my region, such as Salisbury, Playford, Light Regional Council and Gawler—and which are trying to attract new private sector investment to boost jobs in these areas, will be punished by this scheme if it is passed. I notice that some members are giving me strange looks: 'How does that work?' Well, that is exactly how it works. If you read the assessments which have undertaken by the various councils and which are in their reports to council, it makes it very clear that this bill will punish those councils for growth. It would be disastrous, particularly in my region, to have something that is a barrier to growing jobs in the area, and this bill will do that.

I think that is a very important issue, which needs to be addressed by the minister and the government, which he needs to communicate. Certainly, we can do this in the committee stage, when he needs to very clearly communicate the link between rate capping and incentivising growth. I have read the bill on a number of occasions, and I certainly cannot see it. A number of council staff, quite senior people in finance and economics, have read the bill, and they certainly cannot see it. For some reason, the minister believes he has greater wisdom than the collective wisdom of all these other people. I suppose that is a very mature, adult way to treat the local government, by saying, 'I actually know more than you people collectively know.'

This bill has some concerns. I have expressed them publicly. As I said, we are still going through the phase of engagement. Our engagement process, as the opposition, is quite genuine. We are engaging with a whole range of people, including researchers and local government, to make sure that we get a full picture and understand the impact of rate capping before we declare our hand.

However, I will give an undertaking that we will be in a position to declare our position by the time the bill hits the upper house for debate.

In closing, I would like to reiterate a couple of very important things. Relationships between governments are very important. In fact, the minister has made a virtue of his relationship with the federal government—the special relationship he has with the federal government. He goes on to say that to have that special relationship with the federal government you need to have a very adult and mature approach to the relationship between governments. I do not disagree with that.

However, I then come back to what he said publicly about local government. I think this is very important because it underpins his view of local governments in this state. It underpins his view of elected members in the 68 councils across our state, those mayors and elected members who give their time to serve their communities, who are embedded in their communities. This is what he thinks of them, and it is important. He says:

I can think of no other sphere of government that can increase its main tax to this level in disregard of the views of their communities.

This is what this minister thinks of local members of councils. He believes that, to a tee, they go out there and disregard what their communities want and do their own thing. That is what he is saying. This is his mature, adult approach to building relationships with local government. The other telling factor, which I will finish on, is interesting because what he is now saying is that local government is quite lucky to have a saviour like him. We are actually quite lucky. In this place, he said:

What is interesting about the discussions that we have had, and this goes to the central crux of why we need this legislation, is that the nature of the conversation is changing.

Since he has come to save local government, the nature of the conversation between the state and local government is changing. He states:

This cap will be put in place once the legislation passes this parliament. It will, over time, curb the increases...

For the first time in any discussions that we have had, the local government sector is talking about ways to do more with what they've got.

'For the first time'. So, for the last 170 years since we have had local government in the state, this is the first time that local government has bothered to engage with their communities, have regard to community views and talk about how they can do their business better and serve the community. So, we should be thankful that we have a minister who has come to save us and to save local governments from themselves and deliver this rate capping.

I think that the minister has made very clear what he thinks of local government in this state. He has made very clear his disregard for local government in this state, yet at the same time he talks about how he wants to work with local government—by insulting them, demeaning them and being condescending towards them. If that is a mature, adult approach, perhaps we should look at an alternative.

Mr ELLIS (Narungga) (11:34): I rise today to support this bill to introduce rate capping into South Australia—a measure necessary to ease the cost-of-living pressure that households are feeling across the state at this time. This legislation will deliver more oversight, transparency and accountability for the local government sector. We believe that this rate capping policy strikes the right balance between keeping cost pressures down for South Australian households and businesses and also facilitating growth in the local government sector. This state government's priority is to keep cost pressures down, but we do not want to get in the way of growth or the delivery of productive infrastructure and necessary services.

I am sorry to say that this is a policy that has not necessarily been well received by those within the local government sector. We heard some evidence from the member from Light to that effect with a nice wide cross-section of mayors who all oppose rate capping, surprisingly. However, I have to admit that it has been widely well received with absolutely overwhelming support from within the community. Those who pay their rates are very fond of this policy and looking forward to its full implementation so that they can finally have some relief from the spiralling cost of living.

This act will create three key elements that will go toward the capping of council rates in South Australia. The first is the primary rate cap determination, or the base standard rate, which will be applied to all rateable revenue on an annual basis. ESCOSA will set that rate by 31 December each year. It will apply to all general rates within the council region and will be used by councils in their long-term business plans. The second element will be for variation applications whereby councils can make applications to ESCOSA if they can prove that they are worthy of an extraordinary rate rise to fund a special project or a special need within their council region so that councils with that justifiable need are not left out in the cold and without means to fund vital community infrastructure.

The third and final element, as important as the other two, is the monitoring and reporting of the rate oversight system to ensure both compliance and understanding of the effect of rate oversight on councils. ESCOSA will report annually on compliance to the minister and every two years on the outcomes of the system. In short, ESCOSA will be the independent regulator that will be responsible for making rate cap determinations, receiving and assessing applications from councils for variations on the rate cap, and for reporting on compliance and the outcomes of the system to the minister on a regular basis.

As I said previously, this is a policy that has been received with overwhelming support within the community by the absolute vast majority of the population. I was inundated with support for our rate capping policy throughout the election campaign, and now that the Marshall Liberal government is in power it is delivering it in accordance with what people want from their government. It is my belief that this legislation should not be feared or seen as a tool that will stifle growth or cost community services. Many councils are in fact good at balancing their books and not in the habit of implementing irresponsible and unwarranted huge rate rises and, as such, it will be business as usual for these councils.

Regrettably, the measure is necessary to stem the flow of irresponsible spending shown by a few councils that have tarred the brush for the whole sector, creating an unfair impost for ratepayers with huge rate rises. It is those councils that habitually pass annual rate rises of 7 per cent, 8 per cent, 9 per cent or even 10 per cent that have necessitated this legislation. It is a practice that is unsustainable for household budgets and we believe that it is this government's responsibility to protect constituents in this way.

It is a reality that councils that have kept in the vicinity of CPI rises will not be impacted by this rate capping legislation should it pass—and hopefully it does. I stress that rate capping is not about not allowing any increases at all. As I alluded to earlier, ESCOSA will declare an allowable, realistic figure based on a number of indicators, and what we believe to be more than the consumer price index, and look at the past year and projections ahead to determine the base standard rate. There will also be provisions for councils that show a need for a higher percentage rise within their long-term financial plan and demonstrate community support for that additional rise for it to be allowable, and ESCOSA will be charged with delivering that extraordinary rise.

This motion is about ensuring that the local government sector is efficient in what it does and that it takes a good look at its expenses column as much as at its revenue column. This is a means of rate justification as much as it is a means of rate capping council rates. A mere 1 per cent drop from the overall \$1 billion total council rates' bucket means that \$10 million is placed back into household and business budgets, and that is \$10 million that remains in the pockets of property owners to spend how they wish in other areas, providing growth opportunities for South Australia.

I have seen firsthand the concerns that local councils have around the perception of being told what to do, but this is not about an us and them attitude. It is about reducing the cost of living for the people who have to pay the bills: the people of South Australia. Rates cannot just continue to go up and up when wages remain stagnant. The household sums just cannot add up if that continues to happen.

Over the last decade, council rates have increased at a rate that is three times the level of inflation and it is simply unacceptable. South Australian households and businesses have been smashed with council rate increases over double the rate of the local government price index. Over the last 10 years, local government rate revenue has increased by 67 per cent, with a 31 per cent increase in the local LGPI over that same period.

Local government is unique, in that the system allows councils to decide their spending before adjusting their income, whereas state governments, or any other institution to my knowledge, are not afforded that particular luxury. It is forced to cut its cloth to meet its available income. This is legislation that is in line with this government's pledge to deliver savings and reduce cost-of-living pressures across many areas—ESL bills, NRM levies and payroll tax. This also means that we are having to do more with the revenue available to this tier of government, so we are all in this together for the overall good of the people of this state.

The other point I make is that there is a clause to review the positives and negatives of rate capping after four years, and that is included to protect councils. We understand the financial pressures they face in delivering myriads of services, and unexpected considerations do occur, such as the recent announcement from China to no longer accept recycled materials that can blow council budgets out quickly.

Cost shifting across tiers of government must also be a consideration, in recognition that we are all in the same business of service delivery to the people of our state. Regional and rural councils must also be considered in all this because generally, with the geographic tyranny of distance, roads, jetties and ports to upkeep, and beaches and expanses of coast to protect, etc., they do more with less, but that cannot mean that rates keep going up and up. It is not sustainable, particularly with wages not going up and higher percentages of residents as retirees and pensioners on fixed incomes.

There is unrest within the community, as demonstrated by the number of ratepayer protest groups that have formed in the last couple of years. In my patch, there is a very active Adelaide Plains Ratepayers and Residents Association, led by president, John Lush, and a Copper Coast Residents and Ratepayers Association in the council of the Copper Coast.

I have seen firsthand and experienced the barrage of concern that some elected members and council administrators have with this legislation. In attending a recent Yorke Peninsula Council meeting where rate setting for the new year was on the agenda, I found myself amid a vocal and packed gallery and then later standing to speak against a proposed rate rise of 11.8 per cent for primary production landowners because it was put to me that 'landowners in the YP council pay considerably lower rates than those in neighbouring council regions' and that 'we have to do this in case rate capping comes in'.

That high rate rise was narrowly lost in the council chamber, to the relief of the gallery, but then the following week the motion was rescinded and a special meeting was called for further discussions. Ultimately, the total general rate increase was set at 4.8 per cent, with average residential rates up 4.05 per cent and primary production rates up 5.77 per cent. All discussions caused considerable community divide and unrest, which is unfortunate. In defence of not voting for the rate increase, local media quoted one councillor as stating:

One farmer explained to me how his rates were more than \$15,000 last year, and when he heard his rates would increase by a proposed 11.8 per cent he was horrified. This farmer pays for his council rates each year with borrowings, which means he will also pay interest on his rates. I do not support the gouging of ratepayers and will therefore be voting against the annual business plan in its current form.

On the for side, a councillor argued:

Agri-business earn an income off their property and she's fighting for residential ratepayers who shouldn't be carrying the rest.

Thankfully, that motion was voted down from an 11.8 per cent rate rise as, in conjunction with the skyrocketing value of property prices within the YP Council, it is a significant impost on the owners of that primary production land. Their rates are already rising so quickly that the balance between residential rates and primary production rates as a piece of the pie is evening up, regardless of how quickly they try to artificially bring them together.

There are five councils within the electorate of Narungga. Of the other four, Copper Coast Council voted to raise its rates by 3.8 per cent, in line with its long-term financial plan, stating:

This budget allows us to provide our community of about 14,000 with a standard equal to what they currently have.

It is also a very pleasing show of community engagement and participation that the Copper Coast Council extended its annual business plan and budget consultation period and received 51 submissions in the process. Councillor Pope was quoted in the local media as saying:

This budget is all about consolidating and finishing existing community projects, with a focus on road sustainability and the budget breaking even in two to three years.

I congratulate the Copper Coast on these measures. It is noteworthy that this council has enjoyed 23½ per cent population growth between 2006 and 2016. In the last financial year alone, 120 dwellings were approved. In 2016-17, the council approved 33 land divisions, creating 54 new allotments. Their rates revenue has steadily increased since 2015: approximately \$19 million in 2015-16, \$26 million in 2016-17 and up to \$28 million in 2017-18. That is not the complete story. As we are all aware, plenty of infrastructure costs come with such growth. However, it is worth noting that the rate revenue from the Copper Coast Council has increased by almost \$10 million in five years.

Unfortunately, the story of population growth is very different for the other councils in my area. Barunga West Council broke even over the 10 years between 2006 and 2016, neither gaining nor losing any people. Yorke Peninsula Council dropped 1.1 per cent in population. Worst off, although it is outside my electorate, the District Council of Peterborough recorded an 11.9 per cent reduction in population between 2006 and 2016. Considerations are different for each council, and that needs to be taken into account when decisions are made.

Returning to the electorate of Narungga, Barunga West Council has adopted a 4.75 per cent average rate rise for the new year, with a focus on roads and similar plans for an imminent break-even budget, and Wakefield Regional Council plans for a 5.5 per cent increase. In its annual business plan, Adelaide Plains Council, the final council within the electorate of Narungga, described having adopted 'a zero based budgeting approach where each item, line by line, has been critically analysed for relevance and necessity'. I congratulate the Adelaide Plains Council on this approach, which will inevitably reduce costs and make it a more efficient institution, and it is a good practice for all councils to get into, I would suggest.

It was interesting, too, to read of examples of cost-saving collaborations across fellow councils, which is becoming more and more prevalent and is a common-sense approach. In one example, Adelaide Plains Council reported that in the 2014-15 financial year Barossa Council, Town of Gawler, Adelaide Plains Council and Mid Murray Council commenced working in partnership to form the Barossa Regional Procurement Group (BRPG). The focus of this group is to capitalise on opportunities for collaborative procurement to generate cost savings and to process efficiencies and economic benefits to the region by growing local business capacity.

Similarly, in 2018-19 the Adelaide Plains Council is expected to deliver significant savings in a kerbside waste collection program due to a joint tender managed through the BRPG procurement group, which is a great outcome. In Barunga West, Mayor Cynthia Axford in her annual business plan described improved efficiencies showcased by collaboration with neighbouring councils during 2017-18. They share services such as planning, building, environmental health and governance with the Copper Coast Council.

They also work with the other Yorke Peninsula councils on joint projects and strategic plans such as regional health plans and open space strategies. The alliance between those councils is called the Yorke Peninsula Alliance, and they have been wonderfully productive in lobbying me, in my short time as a member, and the previous member, Steven Griffiths, and do a great job of advocating for their patch. So much good work is being done by many local councils around ensuring efficiencies in all they do, but this is not so for all local councils.

I wholeheartedly support this legislation, which I believe will reduce cost-of-living pressures for many people who are struggling to make ends meet, and I believe that in doing so the faith of ratepayers in their local council will be restored and those who are doing the great job they are doing with what they have will be justifiably recognised.

In concluding, I note it is disappointing that those opposite are yet to reach a decision on this proposition after having had a great deal of time to do so. On this side we support the bill for the tremendous benefit it will provide ratepayers and people around the state struggling to make ends

meet. I encourage those opposite to jump on the bandwagon, support this bill and encourage a speedy passage through this house and the other one so that we can start to lower cost-of-living pressures that people in this state are feeling. After many years of rising pressures, it will be some good news to come through finally. With that, I commend the bill to house.

Mr TEAGUE (Heysen) (11:51): I also rise to support the bill. As we know, the government has a comprehensive reform agenda to ease cost-of-living pressures for all South Australians, and council rate capping is a key part of that reform agenda.

The government has been partnering and continues to partner with local government in these reforms. Since we announced the policy, some councils have already responded positively. The government is committed to continuing to partner with councils proactively engaged on the path towards better efficiency and better value for money for local ratepayers with a view to the long-term easing of cost-of-living pressures for all South Australians.

I have listened carefully to the debate so far, and I have heard from those opposite about how it may be a stretch to impose on councils this form of accountability in terms of a rate cap. I say to those opposite that the figures do not lie. The figures speak loudly for themselves. As has already been referred to in this house—and it bears repeating—we have seen over the course of the last decade that the average statewide council rate revenue rise has been at 67 per cent. That is as compared with a 31 per cent rise in the local government price index. Over the last decade, we have seen that rates have risen at more than double the rate of the local government price index, and indeed over that last decade rates have risen at three times the level of inflation.

Tellingly, in this place, when one compares the rise in the CPI (consumer price index) against state government tax revenue over the same period, one sees that the consumer price index has risen by 26 per cent and state government tax revenue has risen less than that, at 24 per cent. We in this place are accountable for the revenues that we raise and the responsible expenditure of those revenues. It perhaps speaks to the questions that have been raised on the other side about the need for oversight at a local government level when we see, over an extended period of time, such significant rises in rate revenue over and above both the local government price index and, more startlingly, the CPI.

This is not only a commitment by this new government to do something about day-to-day cost-of-living pressures for all South Australians but it is also one that stacks up on the basis of the figures over the long term. It is remarkable that those opposite would take the view that this is anything other than reasonable oversight in circumstances where there has been such an explosion in costs imposed by local councils upon everyday South Australians.

I have four councils within the boundaries of my seat of Heysen, including the City of Onkaparinga. Much has been said in recent times about the City of Onkaparinga council. I simply reiterate that, whilst not the worst offender when it comes to rate increases over the past period, it is, at 74 per cent, in the group of the highest rate increases, compared with the average of 67 per cent. When one considers that the City of Onkaparinga is amongst the worst offenders in terms of the level of its rate increases, it is telling that the City of Onkaparinga nonetheless has encountered the travails it has over recent times in terms of accountability for spending and confidence in the council processes.

It is important that we have these reforms to ensure that ratepayers are not being charged any more than they reasonably ought to be and that the state government takes on a responsible role in ensuring that it is a partner with local government in delivering greater efficiency and greater value for money for ratepayers. My family lives within the council boundaries of the Adelaide Hills Council. We recently received our rates notice for the new year, and I can tell you that it has not come down. It continues to rise. It is a hefty impost on our day-to-day costs—a heavy cost indeed.

I am regularly engaged by my constituents, most recently, I am pleased to say, at my newly established mobile office at Strathalbyn. These residents present to me a rates notice and ask me how they are possibly going to go about budgeting to pay for those rates for the coming year. It has been something that has punctuated the early days of my community engagement. As the member for Narungga who addressed this topic just now has also said, it is clearly a reform that is welcomed

by members of the community to see these hefty costs that are brought about by council rates being brought into a framework of both control and accountability.

It is very important in making these reforms that we move from an environment in which local government has been approaching the question of budgeting annual expenditure on the basis of, 'How much can we spend?' to one in which local government looks to functioning more and more efficiently with what resources are available. That is what the new regime will go about delivering by way of these reforms.

The bill is structured so as to introduce something quite new into the Local Government Act, adding an amendment to chapter 10 by the insertion of new part 1A. The new part 1A will set out the reform agenda, which will include the primary rate capping determinations and the rest of the program, under 'Rate oversight'.

By way of context, I would refer honourable members to what we find in chapter 10 as it presently stands, where we have statements of principles and a regime around the basis for setting rates, primarily against the value of land. In this context, it perhaps bears reflection on section 150 of the Local Government Act. It sets out general principles, and provides as follows:

A council should, when making and adopting policies and determinations concerning rates under this Act, take into account the following principles:

- (a) rates constitute a system of taxation for local government purposes (generally based on the value of land);
- (b) rating policies should make reasonable provision with respect to strategies to provide relief from rates...
- (c) the council should, in making any decision, take into account the financial effects of the decision on future generations,

It further notes:

(but a challenge to a rate cannot be based on the extent to which a council has (or has not) applied these principles).

In section 150 of the act as it stands, we have a statement of general principles about the way in which local government should go about setting rates. It makes explicit that that is effectively no more than a guide and that a challenge to a rate will not be upheld for failure to apply the principles. It is the most general of general regimes that really leaves control of the rate setting entirely within the hands of council.

I come back to my earlier remarks about what we have seen over the sustained period of the past. Compared with state revenue rises, council revenue rises have been extraordinarily high. It is simply not good enough to say, 'Well, there are good, hardworking people on councils who are devoted to the best interests of their communities and therefore we shouldn't have anything to say about the level of rates that they would choose to impose year to year on residents.'

That is, with respect, a bogus argument. One needs to look at the data. One needs to look at the level of accountability. If serious about reducing cost-of-living pressures, a responsible government will step up and do something about it. That means setting out a framework within which councils will need to operate and, secondly, engaging in a real process of reform so that local governments are encouraged to do things that can achieve more with current resources.

As others have addressed, the bill goes to three broad purposes. Firstly, it sets the primary rate cap determination. Secondly, it provides a process for councils to make variation applications. The central role of the Essential Services Commission of South Australia has been referred to. ESCOSA has an important central role in administering the scheme across the board, but particularly in relation to variation applications it is its job to determine how to dispose of those applications. Thirdly, the new part 1A provides for monitoring and reporting.

In the short time still available to me, I would refer to the second part of the new provisions, that is, those that go to the process for applying and determining variation applications. Again, I want to squarely address the contribution so far from the other side. I, too, look forward to the other side of the house coming to a view in support of this legislation, but it is important to dwell on the regime

for dealing with variations, because it is an important part of the process in circumstances where a general rate cap is otherwise imposed.

I refer specifically to new section 187G and the criteria for application that are set out at section 187G(2). It sets out that if a council determines that it is necessary to seek the imposition of a level of rates higher than the cap, it may apply to do so, and it must then fulfil the criteria that are set out in subsection (2). Firstly, it must specify for how long it wishes to apply for the variation. It can apply for a period of up to five years. It must set out the proposed varied rate cap for each specified financial year and, unsurprisingly, it must set out its reasons for seeking that varied rate cap.

It must also set out the nature and extent of community engagement it has undertaken, as well as the likely impact of the proposed varied rate, and the extent to which consideration has been given to other steps, such as reprioritising proposed spending measures, as well as how the varied rate cap would represent value for money for both the council and ratepayers, and how such a variation would be consistent with the long-term financial plan for council, as well as any other information that may be required by ESCOSA.

I highlight those provisions because it speaks to the nature of the reforms that are the subject of the bill. It requires a dialogue based on accountability if there is to be a rate rise above a cap. I raise it also because councils within Heysen, with whom I am in regular dialogue, have raised concerns about the sorts of unexpected events that occur in our environment. We had particularly dramatic storms, for example, in the spring of 2016 that caused a great deal of damage in the Adelaide Hills, and there may well be circumstances arising where local councils may seek the variation. So it is a new system of accountability. It is called for, plainly, on the face of the rises that we have seen occurring dramatically over the last decade. I commend the bill to the house.

Ms BEDFORD (Florey) (12:11): The merits or otherwise of the concept of rate capping have, I believe, not been really well explained to the community. 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. I am told that this bill is more like the Victorian model, where all bar seven, that is, 72 of 79, councils have introduced service charges. In New South Wales, I am told their rate capping model has proved to be problematic.

We really need to ask ourselves: will this bill truly reduce the cost-of-living pressures we are all keen to curb? 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?

The proposal could be referred to the newly established Productivity Commission, providing extra scrutiny and an opportunity for better public understanding and awareness and enable them to make a well-informed decision.

After consultation within my electorate, most recently at a public meeting last night, I am not inclined to support the bill. I will listen closely to debate in the committee stage, bearing in mind that this house will not be where the final decision truly can be influenced. The government has the numbers here, but not so in the Legislative Council, and it will be there that this bill will either succeed or fail and where any other amendments are likely to be agreed to.

Ms LUETHEN (King) (12:13): I rise to support the Local Government (Rate Oversight) Amendment Bill 2018, which introduces a rate oversight scheme into the Local Government Act, 1999. The bill chiefly amends chapter 10 of the act to insert part 1A, rate oversight, that provides for the establishment, operation and reporting of a system to cap annual increases in councils' general rates. Why do I support this? There are three main reasons I believe this bill is in the best interests of people living in King and, in fact, across South Australia:

Reason 1: there have been too many examples across the state of council spending ratepayers' money recklessly on behalf of ratepayers in King. I support measures to encourage councils to deliver maximum return for every single dollar of ratepayers' money.

Reason 2: rate capping will deliver cost relief for families and businesses where councils are being irresponsible with ratepayers' money. Just as every household needs to budget and live within its means, so should every council.

Reason 3: our rate capping approach will encourage a better, more effective community engagement process to take place for all proposed projects that would take the council above the rate cap. Councils will need to clearly demonstrate what the council has undertaken to inform and engage its community on the proposed variation. It must be clear that the council has made every effort to explain to its community the necessity for a variation and must demonstrate there is a wide understanding of these reasons.

The state Liberal Party took a policy to the 2018 state election to introduce a council rate cap to ease cost pressures for South Australian households and businesses. The introduction of the rate capping legislation on 20 June 2018 delivered on a key election commitment within the Marshall government's first 100 days. This legislation will deliver more oversight, transparency and accountability for the local government sector.

This government will work constructively with the local government sector in South Australia to have the best rate capping policy in the country. Whereas the Labor Party are focused on reasons why this will not work, our government will take the time to consult with ratepayers, industry groups and councils to agree on a framework to make this work and benefit ratepayers across South Australia. This bill, and commitment, is one of the deliverables of our promise to lower costs. First, we slashed the emergency services levy bill, and now we propose to cap council rates and natural resources management levies. Each deliverable is focused on providing relief to families and businesses.

The state Liberal government has a comprehensive reform agenda to ease cost-of-living pressures for South Australians, and capping council rates is a key part of our plan. Over the past decade, council rates have increased at a rate that is three times the level of inflation, and this is simply not acceptable. This is what my community has told me. When I was doorknocking in Hillbank one day, I asked an elderly gentleman what was most important to him, and he told me, 'Councils getting back to basics like fixing kerbs.' From his house on a beautiful rise in Hillbank, we could see across to the very large tennis centre in the distance, which has been delivered by the City of Playford and is reported to have cost \$8.9 million.

This man told me that he will never use these tennis courts and that he has not seen many people on these courts since they were built. What makes him really upset is that his kerbs have crumbled, and when he contacted the council to get them fixed he said that the council staff told him they had no budget available to fix them, so he and his elderly neighbour cemented the kerbs themselves. He took me to the area beside his driveway to show me the new kerbing he and his neighbour had constructed—two elderly gentlemen fixing their own kerbs. He said it was necessary as they were afraid that people walking down their road would trip over these broken kerbs.

Last year, I attended a community forum at One Tree Hill, which approximately 400 residents attended to discuss their concerns over a proposed rate increase. This had followed a meeting, I believe, at Angle Vale, which over 500 residents attended with the same concerns about rising council rates. The outcome of these community meetings was a collaboration of residents who voted against, and spoke against, what so many residents believed was an unjustified hike in council rates.

Since that time, ratepayers in rural King have created a ratepayers' committee as a sub-committee of the One Tree Hill Progress Association, and they are focused on fair rates and council efficiency. Last week, I provided this group with a copy of the bill and asked them to consider the provision of feedback to our minister. This volunteer group is collaborating on how to keep rates affordable and make their council more accountable to ratepayers. Today, we are saying enough is enough. We are asking for support to cap council rates to protect households and businesses from more unjustified rate hikes which are used to pay for necessary expenses and projects which the majority of residents might not agree to.

The bill provides a rate oversight framework that establishes three key elements. Firstly, primary rate cap determinations: the establishment of rate cap provisions enabling a cap to be set, determining that the cap applies to council revenue recoverable from general rates and providing for

its calculation on an annual basis for all councils, classes of councils or particular councils. Secondly, variation applications: setting out provisions that enable councils to apply for a variation of the rate cap by demonstrating engagement with their community on a variation and that a variation is necessary within the context of the council's operations and long-term financial planning. Thirdly, monitoring and reporting: setting out provisions that enable monitoring and reporting on the rate oversight system to ensure compliance and understanding of the effect of rate oversight on councils.

In accordance with the government's policy that the rate oversight system will be managed by an independent regulator, the bill appoints the Essential Services Commission of South Australia as the body responsible for (1) making rate cap determinations, (2) receiving and assessing applications from councils for variations on the rate cap and (3) reporting on compliance and the outcomes of the system to the minister on a regular basis. I emphasise that the new process will require councils to make very clear to ratepayers the reasons for any variation application where they propose to increase rates above the cap.

Councils will be asked to outline the community engagement process that the council has undertaken to inform and engage its community on the proposed variation. It must be clear in the variation applications that the council has made every effort to explain to its community the necessity for the variation. The council must provide views of the likely impact of the proposed variation on ratepayers which may be informed by the community engagement process. The council must demonstrate how the council has considered alternatives to the variation which might be a reprioritisation of spending or the use of alternative funding mechanisms, including the appropriate use of debt or council reserves.

The councils will need to demonstrate how the variation represents value for money for its council and its ratepayers. Importantly, rate capping promotes the efficient use of council resources. Rate capping will ensure the elected members and staff look to make efficiencies across their operations before seeking a variation. Rate capping will ask for the council to demonstrate the proposal is consistent with the council's long-term financial plan and infrastructure and asset management plans. All South Australian councils are required to have these plans in place today, and they will be a critical component of an application for a variation as clear demonstration of the council's need for additional revenue. For transparency, councils will also be required to publish their application for variation on their website.

We can see that since the Liberal Party announced our rate capping policy, some councils have already tightened their belts and kept rate increases to a minimum which is great news for our ratepayers across South Australia. Rate capping will make councils more accountable to the people they represent and also ensure that councils have to look for efficiencies and are not able to arbitrarily increase general rates or make them a bit lower when it comes to election time.

This legislation will deliver more oversight, transparency and accountability for the local government sector. The state government's priority is to keep cost pressures down, but we do not want to get in the way of growth or the delivery of productive infrastructure and necessary services. That is why, through consultation with the local government sector, we have devised a rate capping scheme that will enable councils to still increase their rates if they can convince ratepayers and the independent regulator that the increase is necessary.

I look forward to this government working side by side with local government to ensure South Australia has the best rate capping scheme in Australia. We have been consulting and taking on board feedback from South Australian councils and reviewing the lessons of interstate approaches so that the model we adopt is the best approach here in South Australia. Our new government is leading by example to deliver tax cuts and savings to South Australia. We are going to take a cut in relation to payroll tax, the emergency services levy and land tax, so I think we are demonstrating already that we are committed to tightening our belts and delivering savings to South Australians. We are putting ourselves under the same sort of pressure that we expect councils to be under.

It has been disappointing to watch local government use ratepayers' money to launch a campaign to fight the rate capping proposal. I feel it would have been a fairer approach to provide ratepayers with unbiased information of how the current system works, how the act works today and the rate capping alternative proposal, and let ratepayers decide.

However, I must say from my 10 months of doorknocking, ratepayers are telling me they want rates reduced. It has been my experience that elected members will fight very hard sometimes to protect the status quo. I encourage all ratepayers to get involved in having a say and choosing their elected members carefully in the upcoming council elections. Your elected members represent you at council, and they should always be focused on spending your rate money carefully and on the services and projects that are most important to you.

Importantly, your elected members should have the skills and experience to assess proposals, budgets and recommendations, with a focus on efficiency, sustainability and return on investment. At a council function I attended recently, an elected member who had served several terms said to me that they were running again in the 2018 elections and that they thought rates were just such a non-issue.

An honourable member: Shame!

Ms LUETHEN: Shame, yes. This contradicts what hundreds of ratepayers told me in their own council area. A few council staff members have told me they oppose rate capping because they believe it will result in service reduction. This is just not true. It feels to me at times that there is a culture in some councils of 'rate capping is bad' instead of, 'How can we make this work in the best way to benefit ratepayers?'

Rate capping is about running councils efficiently. Elected members and council staff should be continuously assessing whether services are needed, valued, operating most effectively and delivering quality outcomes for ratepayers. This is about spending every dollar of ratepayers' money carefully. This is about negotiating hard every time for the best outcomes for ratepayers. This is about listening to ratepayers who are doing it tough in South Australia.

As a councillor previously, I took the time to read every verbatim comment our ratepayers made when they had their say on the proposed annual business plans. Year after year, the feedback reminded our council that it should be living within its means. Rate capping is one way we can make councils more accountable. In future, we also need greater transparency of the debates in council chambers on all matters related to spending ratepayers' money. We need more long-term thinking and sustainable approaches.

I am so pleased that a number of people have told me they will be running for the next council election because they wish to be involved in the decision-making, they want to see that ratepayers are receiving maximum value for rate money, they want to see responsible spending and they want to see councils getting back to basics. Placing a cap on council rates will ease cost-of-living pressures for South Australians, delivering a fairer system of council rates.

The cap delivers on a key election promise to ensure fair and effective policies and processes for South Australian ratepayers. This rate capping policy strikes the right balance between keeping cost pressures down for South Australian households and businesses and facilitating growth in the local government sector. Through consultation with local government, we have devised a rate capping scheme that will enable councils to still increase their rates if they can convince ratepayers and the independent regulator that the increase is necessary.

Finally, I share a message that was sent through to me this morning from one of my electors on the topic of rate capping:

Got my rates notice today. Gone up again. As a pensioner, you know the first thing that will make me have to sell my home is not old age, it is the cost of my rates. When I moved here the rates were \$284 a year. Now I pay \$2,192. Tell me that that is fair.

In summary, I commend rate capping to the house so that we can deliver lower costs and better services to South Australians and make South Australia the best place to live.

Dr HARVEY (Newland) (12:31): I rise today in support of the Local Government (Rate Oversight) Amendment Bill 2018. The Marshall Liberal government is committed to reducing the cost of living for South Australians and households. Cost of living was a major issue raised in the lead-up to the last election. Of course, that is unsurprising. Under the previous government, South Australian households and businesses were being pounded by skyrocketing costs for energy; taxes, such as the emergency services levy; the NRM levy; and so on. Capping council rates was a

key commitment from the Liberal Party in the lead-up to the election. As I knocked on doors, attended street-corner meetings, shopping centres and all the other activities you do in the lead-up to an election, there was really no doubt that there was tremendous support from the community for our policy.

It is a little disappointing, though, that the Labor Party are still yet to find a position on this. We have been talking about this policy for quite a long time now. It was a clear commitment in the lead-up to the election and nobody should be surprised by it, yet the Labor opposition seem to still be faffing about trying to work out what they believe in. I have my fingers crossed that they will support reducing the cost of living for South Australian families and businesses.

Council rates are a significant impost on households and businesses. In fact, over the last decade council rates have increased at a rate three times that of inflation and over double the rate of the local government price index. Over the last decade, rate revenue has increased by 67 per cent overall compared with the local government price index of 31 per cent over the same period. This is simply not sustainable for households and businesses as incomes are not increasing at the same rate.

There is no doubt that councils provide many important local services like rubbish collection, local libraries, local parks and playgrounds and popular local sporting facilities, some of which we have been working in partnership with, particularly in our local area. However, some councils have seemingly become distracted, straying into areas that are well beyond the expectations of their constituents and delving into areas that most people would not see as being the responsibility of local government. Of course, some of the more recent examples that have occupied much of the media are where there have been quite outrageous examples of council spending, particularly in one, but not one within my borders. Nevertheless, these examples certainly point to the need for additional oversight of council rates.

Specifically, the bill seeks to amend the Local Government Act 1999 to provide for the establishment, operation and reporting of a system to cap annual increases in councils' general rates. The rate oversight framework consists of three key elements: the rate cap determination, assessing applications for a variation on that cap, and monitoring and reporting. The oversight system will be overseen by the Essential Services Commission of South Australia (ESCOSA). This cap will be set by ESCOSA on 31 December annually.

Importantly, the rate capping mechanism does not simply place a cap on total annualised rate revenue; such a mechanism would penalise growth. Instead, the cap will be applied to something called the base standard rate. This base standard rate is a nominal single rate calculated each year as the total annualised general rate revenue collected by a council per rateable property, which then determines the capped standard rate for 1 July. The mechanism will allow councils to capture all new rateable properties each year on an annualised basis of capping rates and thus will not penalise council growth.

ESCOSA will also have flexibility to apply a single rate cap to all councils; a class of councils, for example, country councils or metropolitan councils; or to individual councils. This will enable different caps to be applied to reflect circumstances that may be different between different locations. This cap will only apply to general rate revenue and not the separate rates and charges that exist for specific purposes, but of course these other revenue streams are in effect already capped as they are required by the act to serve only as cost recovery measures.

Importantly, this legislation will allow councils to apply for variations to this cap. The government acknowledges that there are occasions when councils should be allowed to increase rates beyond the cap; however, what the government is asking is that such increases should be justified. In the bill, applications are assessed by ESCOSA. Applications will need to demonstrate community engagement on the variation to show that the community understands why the variation is being sought.

Councils will also be required to demonstrate the need for a variation within the context of their operations and long-term financial planning, showing that they have made efficiencies within their organisation, have fully considered spending priorities and have explored alternative funding options before the variation. Applications will be made by 31 March and can be made for up to five

years. The intention of this process in applying for a variation is not to be onerous. In fact, ideally the process would capture work that has already been performed by councils looking at long-term planning rather than creating an enormous additional body of work.

There will also be a system of monitoring on the rate oversight system that will ensure compliance and understanding of the effect of the rate oversight on councils. ESCOSA will report annually on compliance to the minister, and ESCOSA will also report every two years on the outcomes of the system.

The bill is ultimately about greater oversight, transparency and accountability for the local government sector. The bill is about justifying rates. If a rate increase can be justified, then all well and good, but if it cannot then it should not occur. It is about flipping the starting point from, 'What do we want to do?' and an increase in rate simply to match that, to, 'What revenue do we have?' and then providing those services to ensure that taxpayers are given the best value for their money.

The bill requires councils to more carefully consider their operations and to seek to gain efficiencies wherever possible. This will also provide councils with greater transparency, which will work in councils' favour by avoiding cost shifting to councils, as has often happened in the past. If potentially a future state government—obviously not a Liberal government—attempts to cost shift to local councils, then the councils would be well within their rights to apply for a variation on that basis, and that is the kind of transparency that works in both directions.

When any level of government considers collecting tax, it is important to remember that, at the end of the day, it is not the government's money: it is taxpayers' money. As a government, we should always seek to take only as much of people's money as is necessary to spend on their behalf. At the end of the day, on this side we believe that individuals are ultimately best placed to decide for themselves how their own money should be spent.

I am having difficulty understanding, though, why those opposed to this bill believe that councils should be able to set large rate increases without good reason. Why shouldn't such increases need to be justified? How can they justify increasing rates well beyond the income growth of ratepayers? I cannot understand how this can possibly be justified. You cannot get blood out of a stone and continue to squeeze households more and more. It is just not fair and it is simply not sustainable. At the very least, there should be a requirement to make a case for an increase, and to make that case each year and not necessarily just in the lead-up to a local government election.

On this side, we are committed to transparency and accountability, to reducing the cost of living for households and businesses in order to ultimately improve the standard of living for families and to creating more jobs and opportunities for South Australians. I commend the bill to the house.

Mr PEDERICK (Hammond) (12:41): I rise to support the Local Government (Rate Oversight) Amendment Bill 2018. Before I go into the bulk of my speech, I am amazed, as members on this side are, that the Labor opposition do not have a position on the bill. Are they worried about whether the LGA will form a position on 3 August and that that will dictate what they say, or is there some infighting between the member for Lee and the Leader of the Opposition, the member for Croydon? What other tensions are going on across the other side of the chamber? Who would know?

At 16 weeks into government, and certainly many months before that, we made it perfectly clear that we would be introducing rate capping legislation within the first 100 days, which is exactly what has happened. This is about our party easing cost pressures for South Australian households and businesses. This legislation delivers more oversight, transparency and accountability for the local government sector. This rate capping policy strikes the right balance between keeping cost pressures down for South Australian households and businesses and facilitating the growth that we need in the local government sector.

This Liberal state government's priority is to keep cost pressures down, but we do not want it to get in the way of growth or the delivery of productive infrastructure and necessary services. That is why we have consulted with the local government sector and devised a rate capping scheme that will enable councils to still increase their rates if they can convince ratepayers and the independent regulator, which in this case will be ESCOSA, that the increase is necessary. Our government has a comprehensive reform agenda to ease cost-of-living pressures for South Australians, and capping council rates is a key part of that plan.

This is the first step of a significant reform journey for both state and local governments over the next four years. In a Marshall Liberal government, local government has a party in reform. We need to work together, and I have not yet seen a lot of that coming from sections of the Local Government Association.

Since we announced our rate capping policy, some councils have already tightened their belts and kept rate increases to a minimum, which is great news for their ratepayers. Rate capping will make councils more accountable to the people they represent and also ensure that councils look within for efficiencies and are not able to increase general rates on a whim. Over the last decade, council rates have increased at a rate three times the level of inflation, and it is simply unacceptable. With regard to my own farm property at Coomandook in the Coorong council, the amount I pay in council rates has doubled over the last decade, and I have been getting far fewer services.

South Australian households and businesses have been smashed with council rate increases over double the rate of the local government price index. Over the last 10 years, local government rate revenue has increased by 67 per cent compared with a 31 per cent increase in the local government price index over the same period. Their own price index is out of step with rate rises that have been put in place.

The City of Onkaparinga is one of the worst offenders when it comes to misuse of ratepayers' money. Their rate revenue has increased by a significant 74 per cent over the last 10 years. Treasury analysis shows that, over the same 10-year period, state government revenue increased by only 24 per cent. What a disparity.

The local government sector should accept rate capping to restore faith amongst their ratepayers. As I indicated, local councils are now holding meetings to determine their position on the legislation by 3 August. From there, it will go to the LGA Board for a sector-wide position. The rate capping process should give confidence to ratepayers that their councils are spending their money more wisely. We need to change the conversation from how much we can spend to how much more we can do with what we have.

In regard to some of the spending, I mentioned the City of Onkaparinga. Between 1 June 2014 and 31 January 2016, Mayor Rosenberg and Mr Mark Dowd, the chief executive officer, spent \$69,643 on ratepayer-funded credit cards. Mark Dowd had a Kooyonga Golf Club membership worth \$6,818. He has since paid that back but has since received a \$7,000 pay rise. The Kooyonga Golf Club is nowhere near Onkaparinga.

The Hon. D.J. Speirs: It's disgraceful. There are golf courses in Onkaparinga.

Mr PEDERICK: Absolutely. If you are going to play golf with anyone, visitors from overseas or locals, why aren't you proud of your own local golf course? There are plenty in the Onkaparinga area.

The Hon. D.J. Speirs: Thaxted Park, Flagstaff Hill.

Mr PEDERICK: There we go—Flagstaff Hill, and there would be one at Willunga. The City of Onkaparinga paid \$22,000 in legal fees to keep this membership fee a secret. Lavish spending included overnight accommodation in city hotels after functions, \$18,000 on flowers and thousands more on Apple products, including an Apple watch for Onkaparinga chief executive Mark Dowd. They also spent \$1,631 on an Adelaide Oval skywalk. How is this helping the ratepayers of Onkaparinga?

We just want to reiterate that the Local Government Association at a statewide level, in their campaign against rate capping prior to the 2018 state election, spent \$174,338 on activities related to opposing the policy of rate capping. They also spent \$37,462 campaigning against Labor's cost-shifting measures. The total spend was \$211,800. Later, I will go into some of the spending habits of councils more local to me.

This bill also introduces a rate oversight scheme into the Local Government Act 1999. The bill amends chapter 10 of the act to insert part 1A, 'Rate oversight', which provides for the establishment, operation and reporting of a system to cap annual increases in councils' general rates. The bill provides a rate oversight framework that establishes three key elements: primary rate cap determinations, so you get the establishment of a rate cap; provisions enabling the cap to be set,

determining that the cap applies to council revenue recoverable from general rates; and providing for its calculation on an annual basis for all councils.

ESCOSA will set the cap by 31 December and it could apply to all councils as a single cap, a class of councils or a single council. It will apply to general rates and will be a proposal to cap the base standard rate. The base standard rate is the total general rate revenue divided by the number of rateable properties on 30 June. The rate cap then applies to BSR to create cap standard rate on 1 July. The BSR also calculates total annualised rate revenue. Councils can capture all new rateable properties each year on an annualised basis.

Variation applications: setting out provisions to enable councils to apply for a variation of the rate cap by demonstrating engagement with their community on a variation, and that a variation is necessary within the context of the council's operations and long-term financial planning. ESCOSA will receive and assess the applications. Applications must be made by 31 March and variations can be requested for up to five years.

Monitoring and reporting: setting out provisions that enable monitoring and reporting on the rate oversight system to ensure both compliance and understanding of the effect of rate oversight on councils. ESCOSA will report annually on the compliance to the minister and ESCOSA will also report every two years on outcomes of the system. The rate oversight system will be managed by an independent regulator, ESCOSA as previously mentioned, and it will be responsible for making the rate cap determinations, receiving and assessing applications from councils for variations on the rate cap, and reporting on compliance and the outcomes of the system to the minister on a regular basis.

There has certainly been some pushback from a significant part of the local government sector on the proposed rate capping. They campaigned quite heavily during the election against Liberal members of parliament. They certainly campaigned against me. I know one of my local councillors was happy to be seen having coffee and dining with a previous leader, I guess you could say, of a party who did not win a seat in the house where it counts, whereas we won 25 and so we won the majority and we are here to govern.

It is quite interesting that in side comments I have heard over time I could see the process, especially on an individual basis. There was even a forum held in the Coorong council chambers in Tailem Bend with the same party involved. I thought, 'Well, that's a good look,' because basically they are saying, 'We don't want anything to do with the local member. We want to go this way because we are worried about rate capping.' As I said, I am here, we are here and we won the election.

It was interesting how blatant this was across the border. I know in other seats there was the same campaigning by people in the local government sector against sitting Liberals and Liberals who were candidates. We are not here to have a war with local government but if people want to take this adversarial attitude, I find it an interesting way to find a better outcome for the people, the ratepayers and taxpayers of this state, and that is certainly who we are here to look after. We are certainly here to pull back those cost-of-living pressures with our reductions in the emergency services levy of \$360 million over four years.

Local government got caught up in this great excitement that they had power over the people to push back on rate capping. Most of them were in a frenzy of supporting either Labor or some other non-effective third party that did not get a seat in this place. They actually went out of their way, as I said, entertaining these people and colluding with them at times.

Mr Patterson interjecting:

Mr PEDERICK: Yes, exactly. We are here to get the right outcomes, and I do not think the adversarial approach works at all. I was at a function involving the Murray-Darling Association in the Riverland at one stage. Certainly, most of my area of Hammond comes under the Murraylands and Riverland Local Government Association area. We were at a function after hours and some of the local mayors said to me, 'With rate capping, you will get fewer services.' I said, 'Fewer than I get now?'

I pay double the rates I did 10 years ago, and in the Coorong the roads are so bad that some of them have hollowed out to just sand. You have to slow down to 50 or 60 km/h to go on them. I

have just fixed up my old two-wheel drive ute, and I told the Coorong council that I will not drive it on their unmade roads because I did it once—I drove from Yumali to Meningie and back—and I thought I had spent too much on that vehicle to put it through that. When you hear stories about trucks going off the road because they have hit a great hole, or Toyota Prados suffering major damage, you have to wonder what the priorities are of local government.

Sadly, as has been said already here today, their priorities are on other things, such as art exhibitions, with too much focus on the towns. The CEO of the Coorong said to me in a meeting, 'Well, most of the ratepayers are in the towns.' I said, 'So how do the farmers get their supplies in and their produce out?' That seemed far from his mind, as someone who lives far from the community anyway, who does not use the local service provider for vehicles for the council anymore and who obviously, I believe, does not travel very far south of Taillem Bend too often.

The problem I have is when you raise these issues about what happened to the good old days of roads, rates and rubbish. Certainly, in the Coorong, my home council, the rubbish is paid for: you pay a fee. I am fortunate enough to have the rubbish run go on Parkin Hall Road behind my property, so I pay the fee and it gets picked up. That is separate to the rating issue. A couple of years ago, I rang the mayor about Parkin Hall Road and said, 'Parkin Hall Road is the worst I have seen it in my 54 years.' It took a couple of weeks to fix and it needs fixing again. If the Coorong council is taking any notice of this speech today, they might want to have a look at Parkin Hall Road again.

The sad thing is that you have people with city-centric views and people who are caught up on the local government bandwagon of trying to improve their own position, such as being on the chief executive officer run and looking to be promoted to another position. They are quite lucrative positions, depending on where you are in the local government sector.

But we also need local government members and mayors to take notice of their whole community, and I certainly do not see that in the main in my own community. I have been urging people, wherever they are in their council area, to put up their hands in November if they are not getting appropriate outcomes. We are certainly not getting it in the Coorong. They need to stand up. We need wholesale change. We need a clean-out, and we need a clean-out in the bureaucracy from the top down as well. That may sound harsh, but why do I go to meetings—

The DEPUTY SPEAKER: Member for Hammond, you have three minutes—

Mr PEDERICK: I seek leave to continue my remarks; I have a little bit more to say, Deputy Speaker.

Leave granted; debate adjourned.

Sitting suspended from 13:00 to 14:00.

**CRIMINAL LAW CONSOLIDATION (DISHONEST COMMUNICATION WITH CHILDREN)
AMENDMENT BILL**

Assent

His Excellency the Governor assented to the bill.

STATUTES AMENDMENT (SACAT FEDERAL DIVERSITY JURISDICTION) BILL

Assent

His Excellency the Governor assented to the bill.

Parliamentary Procedure

ANSWERS TABLED

The SPEAKER: I direct that the written answers to questions be distributed and printed in *Hansard*.

PAPERS

The following papers were laid on the table:

By the Premier (Hon. S.S. Marshall)—

Regulations made under the following Act—
State Procurement—Riverbank Authority

By the Attorney-General (Hon. V.A. Chapman)—

Regulations made under the following Acts—
Victims of Crime—Fund and Levy—General
Youth Justice Administration—Assessments

By the Minister for Education (Hon. J.A.W. Gardner)—

Flinders University—Annual Report 2017

By the Minister for Environment and Water (Hon. D.J. Speirs)—

Regulations made under the following Acts—
Radiation Protection and Control—Transport of Radioactive Substances—General

By the Minister for Transport, Infrastructure and Local Government (Hon. S.K. Knoll)—

Regulations made under the following Acts—
Urban Renewal—Riverbank Authority Dissolution—General
Local Council By-Laws—
City of Mount Gambier—
No. 1—Permits and Penalties
No. 2—Local Government Land
No. 3—Roads
No. 4—Moveable Signs
No. 5—Dogs
City of Port Lincoln—
No. 1—Permits and Penalties
No. 2—Moveable Signs
No. 3—Roads
No. 4—Local Government Land
No. 5—Dogs

Ministerial Statement

CROSSMAN, MR G.

The Hon. C.L. WINGARD (Gibson—Minister for Police, Emergency Services and Correctional Services, Minister for Recreation, Sport and Racing) (14:04): I seek leave to make a ministerial statement.

Leave granted.

The Hon. C.L. WINGARD: Chief Officer Greg Crossman announced his retirement from the Metropolitan Fire Service on Tuesday 17 July 2018, bringing to an end an outstanding 40 years of service to the South Australian community. Chief Officer Crossman joined the MFS in 1978 and was awarded dux of his recruitment squad. During his career, Chief Officer Crossman rose through the ranks of the MFS, from firefighter to Assistant Chief Fire Officer in May 2012, before being appointed as Chief Officer in September 2015.

During his time with the MFS, Chief Officer Crossman served in many departments, including operations, community safety, learning and development and corporate services. In his role as Chief Officer, Greg Crossman advocated for greater community involvement by the MFS and support for members and their families. In addition to his role as the MFS Chief Officer, Greg Crossman was a past president and founding member of the Australian Professional Firefighters Foundation.

More recently, Chief Officer Crossman joined the board of governors for The Road Home, a charity dedicated to the assistance of veterans, current and former emergency services personnel

and their families. The Road Home is a collaboration between the Repat Foundation and the Hospital Research Foundation and is leading the way in improving the health and wellbeing of veterans, emergency services personnel and their families on a national scale.

Chief Officer Crossman served as a board member of the Australasian Fire and Emergency Services Authorities Council (AFAC) and was appointed as the Australian representative and director on the prestigious International Fire Chiefs' Association of Asia. Chief Officer Crossman was awarded the Australian Fire Service Medal and the Australian National Medal and clasp for his services to the community of South Australia and in advancing the firefighting profession. Chief Officer Crossman is also a recipient of the MFS Exemplary Service Medal.

I would like to place on the record my appreciation for the 40 years of outstanding service and dedication Chief Officer Crossman has given to South Australia. Chief Officer Crossman's interest and care for not only the South Australia but the wellbeing of MFS firefighters and their families has left an indelible mark. Michael Morgan will be the acting chief officer and will continue the work commenced by Chief Officer Crossman in modernising the MFS.

Parliamentary Procedure

VISITORS

The SPEAKER: I welcome to the parliament today former Speaker of the house, Hon. John Oswald. He was the former member for Morphett as well as being a distinguished Speaker of the House of Assembly. Welcome to you, sir.

Question Time

TRAMLINE EXTENSION

Mr MALINAUSKAS (Croydon—Leader of the Opposition) (14:09): My question is to the Premier. Is the Premier's election promise to install a right-hand turn on North Terrace for the trams within the first 12 months set in stone?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:09): I thank the Leader of the Opposition for his question. We plan to deliver on every single one of the commitments that we made in the lead-up to the election. The people of South Australia elected us to do exactly and precisely that.

The reality is that they feel very let down by the previous government, who talked a lot before the election and then did very little after the election; in fact, in some instances you might remember they did a lot after elections. They took away that emergency services levy remission after the 2014 election after not making a single mention of this before the election. So people don't want surprises—

Mr KOUTSANTONIS: Point of order, sir.

The SPEAKER: There is a point of order, Premier. If the Premier could please be seated for one moment. The point of order.

Mr KOUTSANTONIS: Relevance, sir: the question was about the tram right-hand turn, not the ESL.

Members interjecting:

The SPEAKER: Order! That is not an invitation for members on my right to interject. Standing order 98 does ask that the minister answer the substance of the question.

The Hon. T.J. Whetstone interjecting:

The SPEAKER: The Minister for Primary Industries is called to order. I will listen carefully. I believe the Premier did begin to answer the substance of the question, and then he may have drifted on to other matters, but I am sure that shortly he will return back to the substance of the question. The Premier has the call.

The Hon. S.S. MARSHALL: Thank you, sir. It is a great pleasure to talk to this parliament here today about commitments that were made before the election. The Leader of the Opposition

specifically asks about one, but can I just say that I think that we made in excess of 300 commitments to the people of South Australia. It was a very comprehensive set of commitments that we took to the people of South Australia, and we will be delivering on each and every one of them. This is what the people of South Australia want.

Sir, as a way of evidence to provide before this parliament today, I can tell you, inform you and inform the parliament that we have already taken a lot of action to deliver on those commitments. We put out a 100-day plan where we made progress on every single one of the commitments that we have made. We have already returned the emergency services levy remission, which was writ by those opposite and which was basically taken out without warning to the people of South Australia—\$90 million per year, which the former treasurer thought was better off in his pocket rather than in the pockets of ordinary South Australians.

We completely disagree. We think that the taxpayers of South Australia are in a better position to decide how to spend their money, and the good news, sir, is that they are doing that. There is increased confidence in the South Australian economy because there is more money in the pockets of ordinary South Australians—

Mr KOUTSANTONIS: Point of order, sir.

The Hon. S.S. MARSHALL: —whether it be households, whether it be small business—

The SPEAKER: Point of order, Premier. Let's hear the point of order.

Mr KOUTSANTONIS: Standing order 98, sir: the Premier is now debating another topic altogether.

The SPEAKER: I have the point of order. I believe the question was about an election promise, about a right-hand turn and whether it was set in stone. Would the Premier like to return to the substance of the question?

The Hon. S.S. MARSHALL: Yes, thank you sir, I do. I reiterate to the house what I said at the outset in my answer to the question, and that is that we made a large number of commitments to the people of South Australia; and, unlike those opposite when they were in power for 16 long and tedious years, breaking promise after promise after promise. We won't be doing that. We will be delivering on each and every one of our commitments.

The SPEAKER: Before I call the leader on the next question, I call the following members to order: the member for Light, the member for Playford, the member for Lee, the member for Waite and the member for Hurtle Vale. The Leader of the Opposition.

TRAMLIN EXTENSION

Mr MALINAUSKAS (Croydon—Leader of the Opposition) (14:12): My question is to the Premier. Does the Premier stand by his statement on 8 March 2018 in regard to the right-hand turn of the tram, and I quote, 'We are going to fix it in the first 12 months'?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:13): As those opposite would be aware, they made a series of commitments to the people of South Australia. In fact, what those opposite said—

Members interjecting:

The SPEAKER: Order!

The Hon. S.S. MARSHALL: —is that the new tram would be ready in time for the Fringe. Well, correct me if I am wrong, but I was looking at the calendar today and I think we're in July already. The reality is that those opposite misled the people of South Australia when they said that they would deliver that tram by the end of January 2018.

In fact, what they did was they spent \$10 million of taxpayer dollars to fast-track that project after they had already blown the budget for this absolutely mangled project. Those opposite, of course, originally promised that they would have a right-turning tram—that somehow disappeared.

Mr Pederick: The left got rid of that.

The Hon. S.S. MARSHALL: That disappeared. There were too many people on board, too many people on that tram who never want to turn right. They never want to turn right. The reality is that the people of South Australia want to turn right. The project is running late. I think anybody can see that, and that's because of the hopeless mismanagement of the project that we inherited from those opposite.

Members interjecting:

The Hon. S.S. MARSHALL: Listen, there's a lot of noise from those opposite, sir—

The SPEAKER: Order!

The Hon. S.S. MARSHALL: —somehow thinking that the project has been delayed by the new government. It was meant to be finished before the election. How could we be delaying a project that was meant to be finished long before we even formed government? Unfortunately, what has been set in stone is the mess that we inherited from those opposite, but we don't mind. We don't mind because we've got a job to do on behalf of every single taxpayer in South Australia, and that's to deliver on the commitments that we've—

Mr KOUTSANTONIS: Point of order, sir.

The SPEAKER: Let's hear the point of order.

Mr KOUTSANTONIS: Relevance, sir. The question was whether he would honour his commitment for the first 12 months to complete the right-hand turn.

The SPEAKER: The point of order, I believe, is 98. The member for West Torrens has asked me whether the Premier is addressing the substance of the question. I think at this stage he is. I note that a quote was included in the question. There is precedence amongst former Speakers that if an external quote is referred to it does allow a bit of a wider scope, but I will be listening carefully that the Premier addresses the substance of the question.

Mr Koutsantonis interjecting:

The SPEAKER: The member for West Torrens is called to order. The Premier has the call.

The Hon. S.S. MARSHALL: Thank you, sir. As you would be aware, when the commitment was made to have the right turn in place within 12 months, those opposite had misled the people of South Australia—and in fact, quite frankly, every single person in this state—that the project would already be complete.

We have obviously got to get further advice. We have sought that advice; that will be coming in the following months, and we will be taking action. But we will be acting responsibly on behalf of every single taxpayer—

Members interjecting:

The SPEAKER: Order!

The Hon. S.S. MARSHALL: —unlike those opposite—

The SPEAKER: Order, members on my left!

The Hon. S.S. MARSHALL: —unlike those opposite—

Members interjecting:

The SPEAKER: Order!

The Hon. S.S. MARSHALL: —who misled the people of South Australia for an extended period of time. We won't be doing that. We will be delivering on all our commitments, and we will be very proudly delivering on all our commitments. That's what we were elected to do, and that is exactly and precisely what we will do.

The SPEAKER: The member for Playford is warned, and the Minister for Child Protection is called to order. The Leader of the Opposition.

TRAMLINE EXTENSION

Mr MALINAUSKAS (Croydon—Leader of the Opposition) (14:17): My question is to the Minister for Transport and Infrastructure. Can the minister update the house on the progress of delivering the Premier's commitment to install the right-hand turn by March next year?

The Hon. S.K. KNOLL (Schubert—Minister for Transport, Infrastructure and Local Government, Minister for Planning) (14:17): I thank the Leader of the Opposition for his question. We have been explaining all along this process that we believe that these two projects are two very separate and different projects. We have a priority to get the East End tram extension completed, and we will be considering how to best deliver the right-hand turn election commitment as a separate project to that. But I think the Premier is trying to deliver a level of sequentiality to this process. You need to deliver one project first, and then you need to deliver the second project. The fact that the first one is taking a bit longer means that the second one needs to happen after that starts.

We have commissioned some work that's currently being undertaken in relation to understanding the engineering solutions that we need to put in place in relation to this project. We have said very publicly, and will continue to say so, that we are going to make sure that this is delivered in a way that impacts in the most minimal way possible the traffic that exists on this very busy intersection. That necessarily means that it can only happen at certain points during the year.

We are going to make sure that we do what we do with the full and frank advice in front of us, making sure that we go through a thorough and complete process to get there. When we do, we will be open, honest and transparent with the people of South Australia. That's exactly and precisely what we have done in relation to both these projects since coming into government. We didn't carp and whinge and complain. We didn't potentially tell people—

Mr Koutsantonis interjecting:

The SPEAKER: Order!

The Hon. S.K. KNOLL: —that this project was going to be finished before the election when it quite clearly wasn't. What we have done is what adult, grown-up governments do: they deal with the problems that exist in front of them. They work through them, find ways to fix them and then deliver.

The SPEAKER: The member for West Torrens will not interject. The member for Waite has been patiently waiting.

Members interjecting:

The SPEAKER: Order! That is not an invitation, members on my left. The member for Waite has the call.

APY LANDS VISIT

Mr DULUK (Waite) (14:19): Thank you very much, sir. My question is to the Premier. Can the Premier update the house on his recent trip to the APY lands?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:19): I would like to thank the member for Waite for his question, and I would also like to thank him for his service on the Aboriginal Lands Parliamentary Standing Committee. I first served on the Aboriginal Lands Parliamentary Standing Committee in 2010, and I can still remember the very first time I made my trip up there. I think I was joined by the member for Florey when we made our first trip up there. I have to say, on my first visit I probably overreached in terms of what I thought were solutions for a very complex set of circumstances on the APY lands at the time.

I have made a trip back to the APY lands every year that I have been in the parliament, and I made my ninth trip last week, where I was up there for three days. It is certainly a very, very incredible part of our state. The far north-west of our state is stunning. Often when we acknowledge country, it is sometimes difficult in a built-up area to really appreciate the spiritual connection that people have with their lands, when we have built over their lands. On the APY lands—the Anangu Pitjantjatjara Yankunytjatjara lands—you can really understand and fully comprehend the undeniable spiritual connect which exists between the Anangu and their sacred land.

I travelled over 1,200 kilometres on my recent trip. On this visit, I visited Indulkana, Pukatja, Fregon, Mimili and, for the very first time, Kenmore Park. I have to say that, as per usual, I enjoyed visiting the arts centres on the APY lands, and I particularly want to acknowledge the work done by the arts centre managers and their boards. They are Anangu controlled and bring a lot of non-welfare money onto the APY lands. They are in very remote and often harsh settings, often without the requirements they need to conduct their work effectively. Nevertheless, they are beacons of capability. In fact, I think there are more nationally and internationally recognised artistic superstars on the APY lands than just about any other place on this earth.

I was very, very pleased to visit and meet with some of those outstanding people. This visit, I was particularly pleased to meet with Alec Baker at Indulkana, of Iwantja Arts. He was one of the people who formed that art centre when it was originally founded. Alec, along with the artists at Iwantja Arts, has been winning all sorts of prizes nationally, including the Hadley's Art Prize last year.

I also made a special trip to Ernabella Arts in Pukatja this year, because they are celebrating the 70th anniversary of their establishment. This is an excellent art centre which not only has the traditional painting form but which also, in recent years, has expanded out into ceramics. On that visit, I was able to meet with Pepai Jangala Carroll, who has works represented in collections right around the country, including the Art Gallery of South Australia and the National Gallery of Australia in Canberra.

In the remaining moments I have left, I would also like to acknowledge that there is a lot of work that the federal government has been doing on the APY lands to address the very significant problem associated with mobile phone blackspots and lack of coverage. The federal government has put significant funding in. This is really allowing access to people on the lands, for virtually the very first time, to the internet and other advantages that flow through that. I will continue to visit the APY lands on an annual basis during my time in this place, and I am particularly pleased to be making my very first visit there as the Premier of this state.

APY LANDS VISIT

Ms BEDFORD (Florey) (14:23): Supplementary, Mr Speaker: can the Premier advise if the conditions of the women's art room at Mimili have improved and whether the accommodation for fly-in staff has improved on the lands?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:23): I thank the member for Florey for her question. Unfortunately, although Mimili was on the agenda for this visit, it was not possible to visit the arts centre this time because there was sorry business in the Mimili community following a death that had occurred the night before. I did take the opportunity to meet with the Chairperson of the Mimili Community Council, Rex Tjami, and paid my respects to him and his community on their loss on behalf of the people of South Australia.

I was informed on that visit, by members of other arts centres, that there has been an upgrade at Mimili, which is long overdue. Mimili of course is a very, very important community on the APY lands and, like so many others, has incredible artists, including Robert Fielding.

I was very pleased to meet Robert's son, who was there at Mimili. He is now working for Nganampa Health as one of the people driving the ambulance on the APY lands. You might recall that Mr Fielding was the one who decided to raise some money for his community and set out on a very long run between Indulkana and Mimili. I think it's 63 kilometres. I'm not sure whether the member for Florey would like to do that run with me next year. No, I think not.

Ms Bedford interjecting:

The Hon. S.S. MARSHALL: You could be supported. We might need Mr Fielding back there with his ambulance standing on-side. Mimili is a very important community. I am sorry that I didn't get a chance for an in-depth visit this time. I was pleased to meet with them at the Sorry Camp, both on my way north and then on my way back because I was very pleased to visit Kenmore Park, which is an incredible orchard in the middle of the APY lands. We were able to pick a lot of fruit, collect it up and take it to the sorry camp at Mimili. They were very grateful for that.

Rex Tjami is not only the Chairperson of the Mimili Community Council, but he is also an admin director for APY. I think the position that he holds favourite amongst all is the coach of the Mimili football team, who play in the Carlton colours.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurna) (14:26): My question is to the Premier. Has the Premier met with South Australian of the Year, Professor David David, since the professor personally raised concerns with the Premier about the Australian Craniofacial Unit?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:26): No.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurna) (14:26): Supplementary: has the Premier or ministers given any assurances to Professor David that the concerns that he has raised will be dealt with?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:26): Yes.

UNEMPLOYMENT FIGURES

Dr HARVEY (Newland) (14:26): My question is to the Premier. Will the Premier update the house on the unemployment figures released last week and what action the government is taking to drive economic activity and create jobs?

The Hon. S.S. MARSHALL (Dunstan—Premier) (14:27): It is with great pleasure that I rise today to update the house on the recently announced employment figures for Australia. I was absolutely delighted to read that our seasonally adjusted unemployment rate in South Australia is now at an almost six-year low of 5.4 per cent. This is down 0.2 per cent on the May result and South Australia is certainly trending in the right direction. This comes on top of a range of new metrics that have been reported in recent weeks that show that business confidence and consumer confidence in this state continue to rise since the election, which was held in March of this year.

Members interjecting:

The SPEAKER: Order!

The Hon. S.S. MARSHALL: Again, sir, isn't this typical?

Members interjecting:

The SPEAKER: The Premier will be heard in silence.

The Hon. S.S. MARSHALL: They hate good news. They don't want anybody employed in South Australia. They want the line of unemployment going out this door, around the corner and right down North Terrace, but we don't agree with them. We do not agree with them. We would like to see every single person in South Australia with fulfilling employment in this state, and that is our goal. We are going to be working hard every single day that we are in office to put in place the conditions so that all people in this state can have a fulfilling life and a career here in this state. We are sick to death of the negativity of those opposite every time there is any good news in South Australia.

They had 16 years. They had 16 years and let me tell you what they left us with: an exodus of young people out of this state. They finished school, they finished university, but they didn't see their future here in South Australia. What an absolute disaster that those opposite presided over for more than 16 years. Let me tell you, the new government is in place and we are going to be doing everything that we can. The good news is that we have hit the ground running. As I mentioned earlier, we have already restored \$90 million of emergency services levy remission that those opposite ripped out from beneath taxpayers in South Australia.

There is more good news. I know that the Minister for Industry and Skills can hardly keep the smile off his face, which is a little bit disconcerting in itself. He's smiling because he's doing everything he can to create 20,000 new apprenticeships and traineeships in South Australia over the next four years. This is good news. Get your pompoms out—this is exciting news for the people of South Australia. You had 16 years, and what do we see in South Australia in terms of the number of

apprentices and trainees? It was going down the gurgler because those opposite were not prioritising the next generation.

We're going to be doing everything that we possibly can. From 1 January next year, sir, you will note that we will be abolishing payroll tax for all small business in this state, and the reason why we're doing this is that we want to create more jobs. Let me tell you what those opposite said before the election: 'Oh, no, no. Lowering payroll tax will just put more money in the pockets of those nasty employers.' They referred to the people who were putting their wealth, their resources, on the line as the 'employer class', as if there were some differentiation, some class warfare.

Well, class warfare is over. We want every South Australian to do well. We are not governing just for the few, just for your Labor mates, just for your union hacks: we are governing for all. We want to see the entire state do well. We want to lower costs here in South Australia. We want to create more jobs and better services for each and every South Australian.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurna) (14:31): Why did the Premier give Professor—

The SPEAKER: A question to the Premier?

Mr PICTON: Sorry.

The SPEAKER: Thank you.

Mr PICTON: My question is—

Mr Duluk: Such a novice.

The SPEAKER: The member for Waite is warned.

An honourable member: Chuck him out.

The SPEAKER: I might do that.

Members interjecting:

The SPEAKER: Order! The member for Kaurna has the call.

Mr PICTON: My question is to the Premier. Why did the Premier give Professor David David assurances that these issues at the Craniofacial Unit would be addressed, including the removal of an oral surgeon, and in two weeks no action has been taken?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:31): This house will remember that the Premier answered several questions about the Australian craniofacial foundation—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —two or three weeks ago in the parliament.

Members interjecting:

The SPEAKER: Order, members on my left!

The Hon. D.C. VAN HOLST PELLEKAAN: He went through the entire—

Mr Picton interjecting:

The SPEAKER: The member for Kaurna is called to order.

The Hon. D.C. VAN HOLST PELLEKAAN: —list of issues. He answered every single question, but one of the most important things that clearly the opposition has forgotten is that we were going to undertake an independent review. I don't know why the opposition would pretend that that didn't happen as if it's completely irrelevant. The government has undertaken—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —an independent review into the Australian craniofacial foundation. Dr David David, an esteemed Australian and South Australian, is well aware of it. He has had every opportunity to contribute to that review—

Members interjecting:

The SPEAKER: Members on my left will not interject.

The Hon. D.C. VAN HOLST PELLEKAAN: —as have the people who still work at the Australian craniofacial foundation. The Premier also made it very clear—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —that there had been no change—absolutely no change—to the way in which that important foundation looks after people from overseas who need some help. I can advise the house that the Minister for Health has today received a copy of that independent review. He will look at it, he will take advice on it, he will study it and he will shortly announce what he intends to do after that. It's crazy, absolutely crazy, for the opposition to try to pretend that that review wasn't going to happen, to try to sneak in questions here and there as if they didn't know, because they were told by the Premier two or three weeks ago very, very clearly that that review was being undertaken. The review has been completed. The Minister for Health—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —received that review today. He will go through it in great detail, and he will then announce exactly how he intends—

The Hon. V.A. Chapman: To clean up your mess.

The SPEAKER: The Deputy Premier is called to order.

The Hon. D.C. VAN HOLST PELLEKAAN: —to respond to that review. There are many ways in which he might respond to that review. You will just have to wait and see.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurua) (14:33): Supplementary to the minister: if the minister is correct in saying that there had been an independent review of this matter, why was Professor David David not spoken to as part of this review?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:33): I'm not sure why—

Members interjecting:

The SPEAKER: Order, members on my left! The minister will be heard in silence. The clock is ticking.

The Hon. D.C. VAN HOLST PELLEKAAN: I'm not sure why the poor old shadow minister for health thinks that he can take it upon himself to assume who Dr David David may or may not have spoken to.

Members interjecting:

The SPEAKER: Order, members on my left!

The Hon. D.C. VAN HOLST PELLEKAAN: It is absolutely nothing to—

Members interjecting:

The SPEAKER: Order! The minister has the call.

The Hon. D.C. VAN HOLST PELLEKAAN: It would not surprise this house or the public to find out that Dr David David may not have spoken to the poor old shadow minister for health, but that does not mean that he has not spoken with the Premier, it does not mean that he has not spoken with the health minister and it does not mean that his view, which would be very highly regarded by all of us, has not been considered—

Mr Mullighan interjecting:

The SPEAKER: The member for Lee will not interject.

The Hon. D.C. VAN HOLST PELLEKAAN: —with regard to this independent review. Dr David David has had every opportunity to contribute to the review, and for the opposition—

Mr Picton interjecting:

The SPEAKER: The member for Kaurana is warned.

The Hon. D.C. VAN HOLST PELLEKAAN: —to pretend that they know who he speaks with and who he doesn't speak with is preposterous.

EMPLOYMENT INITIATIVES

Mr PEDERICK (Hammond) (14:35): My question is to the Minister for Industry and Skills. Can the minister update the house on employment initiatives being undertaken jointly with the commonwealth government?

The Hon. D.G. PISONI (Unley—Minister for Industry and Skills) (14:35): I thank the member for Hammond for his interest in employment and the cooperative nature that this government has with Canberra. It is terrific to be able to work together to create jobs here for South Australians.

Mr Malinauskas interjecting:

The SPEAKER: The leader is called to order.

The Hon. D.G. PISONI: The state government's priority is to grow business and increase employment opportunities here in South Australia. Small business is the backbone of our economy, and we are implementing a range of reforms to ensure small business can grow and employ more staff. The federal government has written to me again recently outlining support for small and family businesses here in South Australia—and we are a small and family business state; there's no doubt about that—reaffirming that there are important opportunities to further support South Australian small businesses through joint initiatives between Canberra and North Terrace.

South Australia was the first state to register to participate in the commonwealth government's pilot program to make it easier for small business to employ their first person, their first employee. We know that the potential outcomes are great in South Australia. Of the 143,000 small businesses there are in South Australia, who represent 98 per cent of the businesses here in South Australia, 96,000 of them are either sole traders or partnerships—they do not employ anybody—so there is enormous potential for employment growth here in South Australia.

We can do that because these business owners have identified several barriers that concern them about taking on their first employee, such as the risk of employee suitability, fluctuations in the level of business activity, compliance obligations and the nature of business growth not matching government processes. Breaking down barriers for business owners who are hesitant to employ for the first time and reducing the associated red tape will provide potential employers with much-needed confidence and support.

We need to ensure that the process is much easier and that small business has support when it comes to understanding their obligations for tax, insurance, annual leave, management and training of employees. These can be overwhelming for a first-time employer—and I have been there, when I took on my first employee, who happened to be an apprentice, back in the mid-1980s, quite some time ago. My advice to those employers who haven't employed before and who are thinking of doing so is: give it a go because, once you have employed your first employee, you will recognise the benefit that your business will get from employing that employee and the fact that your business will grow, and then you will employ another employee and another employee, and away you go.

Of course, you can continue to employ more and more employees under this government because you will not be paying payroll tax after 1 January next year until your salaries reach \$1.5 million. And, of course, consumers have more money now, as \$90 million a year has been returned back into the pockets of consumers here in South Australia by the return of remissions and the emergency services levy that happened on 1 July. By reducing the tax burden on business, by identifying those barriers and knocking those barriers out for those businesses that want to take on their first employee, 'Take the plunge,' I say, 'Take the plunge. We are there with you, we support what you do, we want you to grow.'

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kurna) (14:39): My question is to the minister representing the Minister for Health. Have any other doctors from the Craniofacial Unit raised concerns with the government regarding changes at the Craniofacial Unit?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:39): I'm not in a position to say yes or no to the question because I genuinely don't know the answer, but what I can assure the member is that the Minister for Health is looking at this independent review. The answer to the question will be in that independent review, and that independent review will guide the Minister for Health's decisions with regard to what to do with the Australian craniofacial foundation. With regard to whether any other doctors expressed any other concerns, it won't surprise the member to know that I am not in a position to answer that question. I have not seen the report myself. I suspect very few people have seen it. As I said, it has gone to the minister today.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kurna) (14:40): Supplementary to the minister again: does the independent review that the minister outlined cover allegations that senior oral surgeon Dr Ben Grave was not offered an interview for his existing position at the unit?

Members interjecting:

The SPEAKER: Just before the minister answers, members on my right will not interject when a supplementary question is being asked, and, quite frankly, it is also the case that when members on my right are asking a question, I would appreciate it if those questions were heard in silence as well. Could the member for Kurna please repeat the supplementary?

Mr PICTON: It was unscripted, so it might not be exactly word for word.

The SPEAKER: Thank you.

Members interjecting:

The SPEAKER: Order!

Mr PICTON: The supplementary to the minister's discussion of the independent review in his answer was: does that independent review cover allegations that senior oral surgeon Dr Ben Grave was not offered an interview for his own position in the unit?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:41): This is an extraordinary question, which I certainly will answer, but let me just tell you that, apart from it being—

Ms Hildyard: Yay! Excellent. Fantastic.

The SPEAKER: The member for Reynell is called to order.

The Hon. D.C. VAN HOLST PELLEKAAN: —a very transparent fishing trip to just say, 'Is this in the report? Is that in the report? Is the other in the report?', it's quite extraordinary that this supplementary question follows my last answer, and the last thing I said in my last answer was that I have not seen the report. What on earth is going on over here? So let me just tell you, my answer to the question is: I don't know.

NATURAL RESOURCES MANAGEMENT

Mr TRELOAR (Flinders) (14:42): My question is to the Minister for Environment and Water. Can the minister update the house about the government's reforms to natural resources management and the community consultation that has begun today?

The Hon. D.J. SPEIRS (Black—Minister for Environment and Water) (14:42): I thank the member for Flinders for his question on a topic that I know is very close to his heart, as a former member of the Eyre Peninsula Natural Resources Management Board before he entered this place. It is with great pleasure that I update the house on this government's commitment to following through on yet another of its election promises. We went to the 2018 state election with a very clear promise around the reform of natural resources management in this state and our desire to radically redraw the way that body of environmental management conducts its business and turn back to a back-to-basics approach.

We know that in the early part of the century, the previous government undertook quite a worthy body of reform with good first principle aims to integrate water catchment boards, pest control boards and soil quality boards, and those boards were integrated with the aim that environmental management would be a more thorough approach.

However, there was a centralisation that occurred over time, a dragging of decision-making back into the Adelaide bureaucracy and, as a consequence, a disempowerment of regional communities. As an opposition, we went to the electorate saying that we would create a body that was more straightforward, streamlined and back to basics, focusing on water quality, water catchment management, soil quality and pest control and importantly also valuing biodiversity and sustainable agriculture and the sustaining of our natural landscape, particularly in regional South Australia, to deliver a strong economic foundation for our regional communities while also sustaining the environmental and social fabric of those communities.

That is the key for this type of integrated natural resources management legislation: to be able to create a foundation that allows environmental, social and economic outcomes to be delivered in a thorough and well-considered way. The government's policy that we took to the election was very clear about that back-to-basics approach.

We also said we would cap the NRM levy that is currently collected. We feel that it has gone up in an unreasonable way over time, so we want to put downward pressure on every aspect of cost-of-living pressures that are experienced by South Australian households and businesses. Capping NRM levies is just one way through which we can achieve that.

We also want to introduce a \$2 million grassroots grants program to focus on environmental projects in partnership with community organisations, with local governments, with NGOs, with agricultural bureaus, with friends' groups and with Landcare. We see the value of partnerships and relationships as being at the very core of our NRM legislation going forward.

Today, we announced that we will be undertaking a large and comprehensive consultation process right across the state. There will be an online component of that on yoursay.sa.gov.au and a series of workshops and focus groups being held right across South Australia and in all parts of this state. This will give people the opportunity to provide their views, their ideas and their vision for natural resources management in South Australia. I look forward to updating the house on this government's fulfillment of this very important election commitment.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kurna) (14:46): My question is again to the minister representing the Minister for Health. Can the minister outline for the house whether the government has received a legal claim from Dr Ben Grave from the Australian Craniofacial Unit about his being pushed out of the unit?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:46): No, I can't. I would be happy to find out and, if appropriate, bring an answer back to the house. By the very nature of the question, if it is a legal claim, there is information that may or may not be able to be shared with the house and with the shadow minister. I don't know if that is the case. If the member asking the question believes that to be the case, then perhaps he could share that

information with the house. Purely the fact that he has asked the question opens up some very serious questions about what he may or may not be implying.

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: But as I said—

Members interjecting:

The SPEAKER: Order, members on my left and right!

The Hon. D.C. VAN HOLST PELLEKAAN: —I will seek an answer to that question from the Minister for Health in the other place and, if appropriate, bring an answer back.

The SPEAKER: Yes, the sub judice rule may apply there, minister.

An honourable member: No, it does not.

The SPEAKER: I said it may apply. Member for Kaurana.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurana) (14:47): My question is again to the minister representing the Minister for Health. Will the government today table the independent report it has received into issues at the Australian Craniofacial Unit?

Members interjecting:

The SPEAKER: Order, members on my right! The minister has the call.

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:48): I suppose at least this time it wasn't a supplementary question. It was just the same question again.

Members interjecting:

The SPEAKER: Please do not provoke the opposition, minister.

The Hon. D.C. VAN HOLST PELLEKAAN: Without having spoken to the Minister for Health about this, let me go out on a limb and say that the answer is, no, we will not table that report today. The minister has only just received it today. He is working through it—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: It is pretty interesting to have the shadow minister for health—

The Hon. V.A. Chapman: Where's the Transforming Health report?

The SPEAKER: The Deputy Premier is called to order.

The Hon. D.C. VAN HOLST PELLEKAAN: —asking about the release of reports when the shadow minister for health used to work for a former minister for health and, I would be quite certain, used to give advice to that minister not to release reports. I am sure that is exactly the advice that he gave.

Members interjecting:

The SPEAKER: Order, members on my right!

The Hon. D.C. VAN HOLST PELLEKAAN: There's a new government in town. We don't operate that way. We do not operate the way the previous government did, which was: keep all information to yourselves, release absolutely nothing unless you're forced to. We will take a sensible, objective approach. The minister will look at that report. He will determine for himself whether he believes it is appropriate to release it or not. He will determine—

Members interjecting:

The SPEAKER: The leader will not interject. The member for Kaurana is on two warnings now.

The Hon. D.C. VAN HOLST PELLEKAAN: Just to save the house some time, there is no need for the shadow minister to ask another question about whether I know it is in the report, another question about 'When will the minister release it?', 'If the minister will release it,' because, do you know what, Mr Speaker? If the Minister for Health chooses to release this report, it will be because he believes it is in the very best interests of all South Australians, and when he does that I am sure the shadow minister for health—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —will be one of the first people to become aware of it.

ELECTRICITY INTERCONNECTOR

Mr COWDREY (Colton) (14:50): My question is to the Minister for Energy and Mining. Can the minister update the house on how the South Australian government's plan for interconnection is critical for the future of the national grid?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:50): I thank the member for Colton. As has been the case many, many times—

Members interjecting:

The SPEAKER: Leader! And the member for Light will not interject.

The Hon. D.C. VAN HOLST PELLEKAAN: —first term MPs on the government side of the house are taking very serious interest in what's important to their constituents, and one of the things that's most important to their constituents is getting the price of electricity down. Mr Speaker, you know—hopefully everybody in South Australia knows—that we took a very clear plan to the state election. Now we are delivering on our plan, and a component of that plan is an interconnector between South Australia and New South Wales. Don't let anybody be fooled to think that this component of the plan in itself is going to deliver all of the benefits which we will deliver, because we have several components to our plan. But this is one of the key ones, one of the most important ones.

It is very interesting to note how many other significant South Australian and national organisations think that this is a very good idea, too. We've just had the release of a report by AEMO, what they call their ISP, their 'integrated system plan', which looks at the entire NEM and the way to deliver electricity best to all consumers across the NEM. In the section of that report headed 'Actions to commence work immediately', point No. 1—dot point No. 1—is: start the work to get an interconnector between South Australia and New South Wales built.

So that is terrific, but that is not the only news good news that I can share with the house and the member for Colton about this. We also had the ACCC release a report about a week and a half ago. That report was essentially into increased competition between generators and wholesalers and retailers, but it also said that interconnection between South Australia and New South Wales would be a good idea. Perhaps a month ago, ElectraNet—the company which owns and operates the transmission network in South Australia—released their draft regulatory investment test for transmission report, which they have put to the AER, and guess what? It also says that this is a very, very good idea.

It doesn't stop there. The opposition used to think it was a good idea also. In fact, almost two years ago to the week, the then minister for energy said there is a massive disadvantage here and that is why we need to upgrade interconnection to New South Wales and upgrade interconnection to Victoria. And that was good.

Members interjecting:

The Hon. D.C. VAN HOLST PELLEKAAN: No, no problem. No problem at all. That was good. That was very good. The only problem was that we came to the same conclusion, AEMO came to the same conclusion, the ACCC came to the same conclusion, ElectraNet came to the same conclusion, TransGrid has come to the same conclusion, the New South Wales government has come to the same conclusion, but they have changed their mind. They have changed their mind. They thought it was a fantastic idea until we, the then opposition, made it part of our policy, and they, the then government, decided that it was a bad idea.

But they are alone on this issue. There is nowhere for them to hide. They are the only people in the entire South-East of Australia NEM region who now think that interconnection between South Australia and New South Wales is a bad idea. But, don't worry, if they change their mind we will acknowledge that and say, 'Well done. You've got back on the path to lower electricity prices, which is the path you should have been on for the last 10 years.'

The SPEAKER: The minister's time has expired. The member for Kaurana.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurana) (14:55): My question is again to the minister representing the Minister for Health. Does the minister stand by his remarks earlier today that David David, South Australian of the Year, had every opportunity to contribute to the independent review into the Craniofacial Unit?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (14:55): Interestingly, in the spirit of openness and transparency and trying to share as openly and responsibly with this parliament as possible, when I was asked that question last time I said, 'Look, I don't know, but I'm sure he had the opportunity. I don't know if he did—'

Members interjecting:

The Hon. D.C. VAN HOLST PELLEKAAN: Hang on.

Members interjecting:

The SPEAKER: Order, members on my left!

Members interjecting:

The SPEAKER: The members on my left will not interject.

Members interjecting:

The Hon. D.C. VAN HOLST PELLEKAAN: Settle down.

Members interjecting:

The SPEAKER: Order, members on my left!

Mr Koutsantonis interjecting:

The SPEAKER: The member for West Torrens is on two warnings.

Mr Picton interjecting:

The SPEAKER: The member for Kaurana is on two warnings. The minister has the call.

Members interjecting:

The SPEAKER: The minister has the call. He will be heard in silence.

The Hon. D.C. VAN HOLST PELLEKAAN: Mr Speaker, I will happily go on and answer this question and share some information I have received more recently after you ask the shadow minister to withdraw and apologise for his comment when he said, 'Don't mislead this parliament.'

The SPEAKER: Sorry. Minister, are you raising a point of order? Are you raising a point of order, minister?

The Hon. D.C. VAN HOLST PELLEKAAN: Yes, sir.

The SPEAKER: And the point of order was that?

The Hon. D.C. VAN HOLST PELLEKAAN: I take affront to the fact that the shadow minister yelled out across the chamber at me, 'Don't mislead the house.'

Members interjecting:

The SPEAKER: Order! Shadow minister, if you said that—I did not hear it—would you like to withdraw it?

Mr KOUTSANTONIS: Sir, I did say it. Could the Speaker please explain to me how that is unparliamentary?

The SPEAKER: I didn't actually hear the comment, but the minister is alleging—

Members interjecting:

The SPEAKER: Order, members on my right while I deliberate! The minister is alleging that there was a term referred to that accused the minister of misleading the parliament.

The Hon. D.C. VAN HOLST PELLEKAAN: Imputing improper motive—

The SPEAKER: Imputing improper motive.

The Hon. D.C. VAN HOLST PELLEKAAN: —by saying, 'Don't mislead the house.'

The SPEAKER: Okay. I did not hear the comment. Did the shadow minister say that, and would you like to withdraw the comment if you did say it?

Mr KOUTSANTONIS: Sir, I said, 'Don't mislead the house.'

The SPEAKER: My advice is that, by saying a comment like that, he is saying that the minister should not undertake a course of action. He is not imputing an improper motive. However, I will be listening very carefully. Let's get on with it. There are 12 minutes to go. Minister.

Members interjecting:

The SPEAKER: Order, members on my left!

The Hon. D.C. VAN HOLST PELLEKAAN: Thank you for your ruling, Mr Speaker, and—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —it is a ruling that I will remember—

The SPEAKER: Me, too, minister.

The Hon. D.C. VAN HOLST PELLEKAAN: —because you have made it very clear—

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —what we are and are not allowed to say. Let's get back to the answer to the question.

The SPEAKER: Thank you.

The Hon. D.C. VAN HOLST PELLEKAAN: Previously, I said that Dr David David had every opportunity to contribute to the independent review and that I didn't know whether he had actually done that or whether he had spoken to the health minister. But, as I was saying, in the spirit of transparency—

Mr Bignell: Hello, phone a friend.

The SPEAKER: The member for Mawson is called to order.

The Hon. D.C. VAN HOLST PELLEKAAN: —I have sought and received some information since then. Here we have an example where, for once, it's beneficial to the shadow minister to ask the same question over and over again. So on this occasion I can tell the shadow minister and the

parliament that the Minister for Health met with Dr David David on 9 July face to face and they have spoken on the phone since. So, to the substance of the question—

Members interjecting:

The SPEAKER: Order!

Members interjecting:

The SPEAKER: Order! The minister will not be interrupted.

The Hon. D.C. VAN HOLST PELLEKAAN: —I assume—

The Hon. J.A.W. Gardner interjecting:

The SPEAKER: The Minister for Education is called to order.

Mr Malinauskas interjecting:

The SPEAKER: The leader is called to order.

The Hon. D.C. VAN HOLST PELLEKAAN: I could be wrong, but I assume they weren't talking about the footy tips, I assume they weren't talking about their favourite country bakery and I assume they weren't talking about Dr Harry the diver, the famous, fantastic South Australian.

I assume that if Dr David David, the champion of the Australian craniofacial foundation, and the Hon. Stephen Wade in the other place, the Minister for Health, spoke to each other face to face and on the phone during the time that this independent review into the Australian craniofacial foundation was being undertaken, they would have been talking about that. I don't know that for sure, but I think it's—

Members interjecting:

The Hon. D.C. VAN HOLST PELLEKAAN: —a pretty fair bet—

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN: —that it wasn't footy tips, it wasn't bakeries: it was the Australian craniofacial foundation that they would have been talking about.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurna) (15:00): Supplementary to the minister again: why has Professor David David told the opposition in the last 20 minutes that he was not aware of an independent review and had no opportunity to contribute to such an independent review?

Members interjecting:

The SPEAKER: Order!

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (15:00): The straightforward reality is I don't know why Dr David David told the opposition something in his situation, but what I said is that he has had every opportunity to contribute to the review.

Members interjecting:

The SPEAKER: Order! Member for West Torrens, you are on two warnings. The minister has the call.

The Hon. D.C. VAN HOLST PELLEKAAN: He would have had every opportunity to contribute to the review, and now I have also shared with the house the fact that he has spoken and met with the Minister for Health. For the shadow minister, I don't know why he would have said what he said to you. But do you know what? Do you know what you could do? Instead of coming to parliament to ask that question, why don't you ask him? Why don't you ask him, shadow minister, why he told you that? That would be a much better use of parliament's time.

If the shadow minister genuinely really wants the answer to that question, why doesn't he go to the source? Why come to parliament and ask me why Dr David David told him something? Why

doesn't he ask Dr David David why he told him that? I honestly can't add anything more to the answer to that question than that.

NATIONAL ENERGY MARKET REFORM

Mr PATTERSON (Morphett) (15:01): My question is to the Minister for Energy and Mining.

Members interjecting:

The SPEAKER: Order!

Mr PATTERSON: Can the minister update the house on the importance of national energy market reform, and are there any alternative views?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (15:02): I thank the member for the question. The member for Morphett has asked several questions about electricity in this house, as have other members. Like the member for Colton, and many others, he is very focused on what his electorate needs, and his electorate knows that after 16 years of Labor government one of the many things they need is cheaper electricity. It is a high, high focus for our government. His question, specifically, is about the importance of national energy market reform.

We do need national energy market reform. It has been well over a decade that we have needed this. It has been well over a decade that we haven't had it. At the federal level, across that decade there have been Liberal and Labor governments, and I would say that neither of them have delivered what they should. Over the last decade in South Australia, we have only had a state Labor government and it has not delivered its part towards national energy reform.

National energy reform is important for many reasons, but one of the most important ones is that it offers greater certainty to investors. We need significant organisations to invest in South Australia and other parts of the National Electricity Market, and they need certainty to do that. National energy reform will give them some of that certainty, and of course the national energy reform that's being considered at the moment is the National Energy Guarantee or the NEG, as it is regularly referred to.

I am sure members opposite and the member for Morphett would know that yesterday all state governments received confidential copies of the final version of the Energy Security Board's National Energy Guarantee. Members opposite, the member for Morphett and others would also know that on 10 August will be the next COAG Energy Council meeting. It is hoped that at that meeting agreement between the commonwealth and the states can achieve what we are all looking for, and that is national energy policy reform.

We need to decide, as a South Australian government, whether we support the version of the NEG that has been put to us, and we will do that over the next few weeks. Let me be very clear: if it's in the best interests of South Australians, we will support it; if it is going to deliver cheaper, more reliable, cleaner electricity, we will support it. Those are the things that our energy policy is focused on. Those are the priorities with regard to electricity that we took to the last election. If the NEG delivers that, as I hope it will, then we will support the NEG.

If the NEG offers that for all states, then I hope and expect that all states will support the NEG. Then, yes, we will finally have some significant national energy policy certainty so that all consumers in the NEG can look forward to lower prices, more reliable electricity and cleaner electricity as well. But that can only happen if the generators, the retailers, the transmission companies and the distribution companies are comfortable making investments so that they can put the equipment, the markets and the offers in place so that consumers can get what they deserve.

That's where we are heading with this policy. We have heard the opposition say very clearly that they do not support the NEG. It is an interesting thing to say when they haven't seen the final version, but they have said very clearly that they do not support the NEG, without having seen it. I say: if it's good for South Australia, we will support the NEG.

The SPEAKER: The minister's time has expired. The member for Karna.

AUSTRALIAN CRANIOFACIAL UNIT

Mr PICTON (Kaurua) (15:06): My question is again to the minister representing the Minister for Health. Why did the minister tell the house today that David David was well aware of the review, and on what basis did he give that advice to the house?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (15:06): I gave that advice to the house because I believe it to be true. I find it extraordinary to think that Dr David David—an extraordinarily highly respected South Australian and Australian—would not have been aware of the fact that the Australian craniofacial foundation had changes proposed to it, from those inside it and those outside it, and that people in government and in other places would not be considering the best way to change, or keep the same, the NEG.

I find it amazing that a man so well connected, so well educated and so integrally part of the fabric of the Australian craniofacial foundation would not have known about that review. That's why I made the comment I made.

DATAKOM IT HUB

Ms BEDFORD (Florey) (15:07): My question is to the Minister for Industry and Skills. Can the minister confirm the official opening date for the long-awaited Datacom IT training hub, to be located at the TAFE Tea Tree Gully campus, and will the promised 700 jobs be realised within the rapidly approaching two-year deadline?

The Hon. J.A.W. GARDNER (Morialta—Minister for Education) (15:07): I thank the member for the question. I don't want to get a detail wrong, so I will seek further advice and bring back an answer to the house.

MOBILE PHONE BLACKSPOTS

Mr McBRIDE (MacKillop) (15:08): My question is to the Minister for Primary Industries and Regional Development. Can the minister provide an update to the house on how the state government is working with the federal government to address mobile blackspots in regional and remote South Australia?

The Hon. T.J. WHETSTONE (Chaffey—Minister for Primary Industries and Regional Development) (15:08): I thank the member for MacKillop for his question, and I know how important it is on this side of the house to understand what Black Spot funding means to regional South Australia, unlike those on the other side who, for how many rounds, contributed nothing to the commonwealth Black Spot funding program.

It is great to see that Senator Bridget McKenzie was recently over here in South Australia to announce round 4—\$25 million with the federal government's Black Spot funding program. That is on the back of an election commitment that we on this side—the government—put on the table: \$10 million to enhance Black Spot funding in South Australia. This is an initiative that has long been forgotten in regional South Australia.

The federal government and the state government are working collectively together to make sure that we in regional South Australia are being given the opportunities to be competitive, to make sure that we have every opportunity to have mobile phone reception and to make sure that those Black Spot funding programs are put in place for the betterment of regional South Australia.

On this side of the house we have had a number of MPs, particularly in our regions, who have come to me and to this government with issues regarding the lack of mobile phone reception. Just for a little bit of education for that side of the house, when you don't have mobile phone reception in today's age, when you are trying to be competitive on a global stage, on a national stage—it's about being able to connect with your markets. It's about being able to connect with your logistic chain. It's about being able to connect with your advisers when you are trying to get your grain, your produce, your commodities into trains, onto boats, into planes to make sure they get to market on time. You actually have a competitive advantage by being able to put those commodities into a marketplace at a premium price.

What I will say is that out of the first two rounds of Black Spot funding, 867 towers were funded nationally, but here in South Australia only 37 were funded. I think that's an outright disgrace.

Western Australia put in \$86 million, 338 towers; New South Wales put in \$55 million, 327 towers; Victoria put in \$50 million, 252 towers; Queensland put in \$34 million, 212 towers; and South Australia put in \$1.1 million, 37 towers. Do you know what? Out of that \$1.5 million you had to give money back. That's how well planned you were. What a disgrace. Once again, regional South Australia was forgotten by the previous government.

On this side of the house we are going to put regional South Australia as a priority. We are going to make sure that Black Spot funding is a priority—

Ms Hildyard: Steady. Bring it down.

The Hon. T.J. WHETSTONE: —so that we can be competitive, so that we do actually acknowledge that regional South Australia does matter.

Ms Hildyard: Bring it down.

The Hon. T.J. WHETSTONE: And I won't calm down. We had 16 years of neglect—16 long years. I live in the regions and many of my colleagues live in the regions.

Members interjecting:

The Hon. T.J. WHETSTONE: That's right: we were neglected.

Ms Hildyard: Why are you yelling?

The Hon. T.J. WHETSTONE: Well, you need to hear it loud and clear.

Members interjecting:

The Hon. T.J. WHETSTONE: That's right, sir. Can you hear what I'm saying?

The SPEAKER: I can hear it.

The Hon. T.J. WHETSTONE: Thank you, sir. It is really important that we understand that regions in South Australia do matter. I want to make sure that we have a focus that here in South Australia this government has put \$10 million into the Black Spot funding program. That is sitting alongside the contribution from the commonwealth government. It will also be matched by the telcos. That money will also be contributed by industry and by business. It will contribute to making our regions better. Remember, hashtags matter.

Grievance Debate

COBBLER CREEK RECREATION PARK

Mr BOYER (Wright) (15:12): It is my great pleasure today to talk about the beautiful Cobbler Creek Recreation Park, which is nestled between Golden Grove, Greenwith, Salisbury East and Wynn Vale in the north-east. Cobbler Creek is now one of our premier open spaces and offers a very inviting, well-equipped natural space that is enjoyed by record numbers of people in our community.

The park recently underwent an extensive upgrade under the previous Labor government. I would like to take this opportunity to offer a word of thanks to all those people who were involved in that upgrade, including the department of environment and natural resources, local park rangers and the Friends of Cobbler Creek for working collaboratively to build this fantastic recreation space. A special mention should also be made of the design team at Birdseye Studios, a local landscape architecture company based in Malvern, which designed the play space.

Cobbler Creek appeals to a diverse range of people in our community. It offers sprawling walking trails, with beautiful views over the gulf, barbecues and the new kites and kestrels nature play space. The play space was designed and inspired by the kites and kestrels that fly over the park. Those familiar with the new play space would have noticed that there are big climbing structures that look like giant birds' nests. They were designed to provide visitors to the park with a vantage point to observe the fauna and also to engage kids, not just with the play equipment that you expect to have at a local recreation park but also with the natural surrounds, which are pretty breathtaking at Cobbler Creek.

As someone who spends a lot of time at Cobbler Creek with my three kids, I can attest to how successful the redevelopment has been. Since it opened in October 2016, the number of visitors to the park has exploded. In fact, data collected by the department at the time showed that visitor numbers for the month of January rose from 1,350 to more than 12,000 once the redeveloped park was opened.

The design and layout of the park has received numerous awards and accolades since that opening. Just recently, it received the 2018 Park of the Year Award from Parks and Leisure Australia in the South Australia and Northern Territory section, and in 2017 it received a Parks and Open Space Landscape Architecture Award at the SA Landscape Architecture Awards event.

I would also like to pay tribute to the efforts of the Friends of Cobbler Creek—or the FOCCers, as they are known—of which I am a proud member, for all the volunteer work they do in the park to preserve the natural environment, to encourage people to spend time in the park and also to make sure that the invasive pests, which unfortunately we have to contend with, are managed. Friends of Cobbler Creek do this by running family-friendly events where rangers and volunteers show kids through the park, explain the importance of the environment, discuss the different species that live there and educate them on all the hard work they do to keep our natural environment looking pristine.

Finally, I would like to thank the Rotary Club of Salisbury for the great tree planting event held at Cobbler Creek on Saturday. Together we planted close to 140 trees. It was part of the worldwide Rotary International challenge to plant one tree for every Rotarian to demonstrate the Rotary club's intention to protect the environment and combat the effects of climate change, and I was very happy to unveil a plaque to mark that occasion.

Thanks go to Cathy (the new president of the Salisbury Rotary club), Rotarians, volunteers from Friends of Cobbler Creek and Ranger Ash, who were all on hand on Saturday to help us with the tree planting. I make special mention of Amber Pailsthorpe, who treated us to a beautiful rendition of *What a Wonderful World* after the unveiling of that plaque.

WAIKERIE FOOTBALL CLUB

The Hon. T.J. WHETSTONE (Chaffey—Minister for Primary Industries and Regional Development) (15:16): Today, I rise to acknowledge a great event that happened in the Riverland over the weekend to celebrate a 110th birthday, which I attended down at Waikerie. It really was quite a celebration. It was the 110th birthday of the Riverland Football League's reigning premiers, the Waikerie Football Club. I will give some history. From humble beginnings in 1908, the Waikerie Football Club Magpies began as a foundation member of the Mid Murray Football League. It was not long until they won the inaugural premiership and enjoyed a hat-trick from 1911 to 1913.

The remarkable history of the Waikerie Football Club continued when it joined the Upper Murray Football Association and won premierships again in 1934 and 1936. The club then took a battering, going without a premiership for nearly 40 years, until 1974. That is quite a drought. It was followed by another period without a premiership until the early nineties. The Waikerie Football Club has cemented its position in the Riverland community and has bred not only some of the finest footballers in the state, with notable players such as Russell Ebert, the late Bruce Light, Luke Jericho and Brad Helbig, but also one of Australia's great AFL contributors, Mark Ricciuto, and of course Troy Lehmann. They are two outstanding AFL players in the modern game. They have both played for premier teams.

The Waikerie Football Club has supported generations of up-and-coming young footballers. On Saturday, along with thousands of people, I attended the game at Waikerie Oval against the Renmark Rovers. There was not a spare car park to be seen anywhere close, I might add. The spectators were three or four deep all the way around the oval. Former Waikerie player and life member, Waikerie Football Club champion Stan Burnett, 93, provided the coin toss with the help of his family. Local media attended the event, and the game was broadcast live on air from the ground.

Saturday celebrations were also held in conjunction with the footy club's 10-year anniversary of the 2008 A-grade premiership, the 20-year anniversary of the B-grade premiership in 1998, the 30-year anniversary of the 1988 under-18s premiership, the 40-year anniversary of the 1978 under-15s premiership and the 30-year anniversary of the 1988 under-13s premiership. It was a tight game that saw Waikerie just come out on top in the A-grade to win by a margin of 13 points over the

Rovers. I was there to watch the under 15s and under 13s take home the win earlier in the day. It was a great day, and a day for all people in Waikerie to be proud. Renmark did take it up to them, but Waikerie were just too good.

This year, Waikerie also entered a women's team in the Riverland Women's Football League and saw one of the first ever matches from a female team in the opening match of the inaugural Riverland Women's Football League, a momentous occasion for the Riverland and the Riverland Women's Football League. Life members, former players, supporters and volunteers attended the game to celebrate the magnificent milestone, and the Magpies unveiled the commemorative guernsey for the game, which was auctioned after the game. The Waikerie Football Club hosted a dinner following the game attended by a large contingent of stalwarts, historians and the traditional people who have long attended game after game, season after season. It was great to see.

Sport and sporting clubs have a huge impact on many regional communities and local spirit, teaching team building, discipline and the ability to ride the highs and the lows. Those of us in this place who play sport understand that winning is always great, but understanding how to lose graciously is also very important.

The Waikerie Football Club is a hugely important part of the Riverland west community and there are many people to acknowledge: the president, Brendan Sidhu; the football operations director, long-time president, Henry Crawford, a great 'Waikeriean'; and the current Waikerie coaching team, Shayne Stevens, John Seaford, Tristan Geehman, Jackson Sutton, Craig Hahn, Brendan Turner, Shayne Clonan and many more.

I would also like to particularly pay tribute to Gary Pfeiler, who has been a long-time president. He has not only supported Waikerie but has also been the president of the RFL and brought Waikerie through some pretty tough times into some really fruitful times. I commend the club for its success over 110 years and its commitment to the community. I wish the Waikerie Football Club all the best for the remainder of the 2018 season.

GILES ELECTORATE

Mr HUGHES (Giles) (15:21): I rise today to talk about Sanjeev Gupta, his latest very positive announcements about the Upper Spencer Gulf and the high opinion he has of that part of the world, especially Whyalla. Before touching on that, there is a serious safety issue that I would like to raise. In raising this issue about the road between Port Augusta and Whyalla, I have been through the normal processes—phone calls and emails to the minister's office—in order to get a quick resolution to this important safety issue.

I sent the first email on 3 July, when I was told by a number of constituents about a serious safety issue on the new overtaking lane. There are two overtaking lanes between Port Augusta and Whyalla. In that email, I said:

I have received a number of calls about serious safety issues with the newly completed overtaking lanes between Whyalla and Port Augusta. There have also been complaints about the build quality with pot holes already appearing. Experienced drivers have said that someone is going to be seriously hurt or killed if the issues are not addressed. They were very concerned about motor bike users and especially motor bike users travelling at night. Could you please arrange an urgent inspection in order to address any safety issues and to determine whether the overall build quality meets contract specifications?

Thanks very much and I look forward to your reply.

A series of emails and phone calls was exchanged after that. As of late last week, the serious issue on that overtaking lane had still not been addressed. There were no bollards or anything else to provide the necessary protection or warning for people. I am fortunate enough to know quite a few bike riders, and a number of very experienced bike riders have come to me expressing their serious concerns about this. I hope the minister will get onto it as a matter of urgency, and that is what I expect to be done. I know that sometimes between departments and ministers' offices things can go awry, but this needs to be addressed as a matter of urgency, as I have expressed in the emails I have sent to the minister's office.

On a more positive note, I noticed the recent comments by Sanjeev Gupta, the owner of GFG Alliance, about the Upper Spencer Gulf and what a great part of the world the Upper Spencer

Gulf is. In fact, he had a number of interesting things to say about energy, which would not be received all that well by some on the opposite side—not all but some on the opposite side—and certainly would not be received that well by some of their federal colleagues who are in there still fighting the battle to have coal as the energy source of the future.

When it came to the Upper Spencer Gulf, Sanjeev Gupta said that it was an ideal place to invest as it had access to a number of very important minerals for this state and nation, it had one of the best solar load factors in the world, it had existing electricity transmission infrastructure and it had a port that could potentially be expanded at Whyalla. He went on to say something about the airport that I do not particularly agree with, but you do not have to agree with Sanjeev Gupta on everything.

He did indicate that the regional cities of Whyalla, Port Augusta and Port Pirie certainly have the potential for significant growth if a number of factors fall into play. I have to say that, in my community of Whyalla, we are all willing Sanjeev Gupta to succeed, to really turn around the steel industry and to play his part in transforming the energy make-up of this state. When it comes to the Upper Spencer Gulf, I am sure this newly appointed government will claim credit for the 13 clean energy projects that are about to be on the way.

Time expired.

MENTAL HEALTH SERVICES

Mr DULUK (Waite) (15:26): Mr Speaker, I know that you know that words matter. What we say and how we say it can have a significant impact—that is the message that journalists and MPs have heard this week. Last night, I was fortunate enough to have the opportunity to represent the Minister for Health and Wellbeing, Stephen Wade from the other house, at the Walking through a Mindfield forum for media professionals. It was one of two events led this week by the SA Mental Health Commission to raise awareness of the importance of language in relation to mental illness and suicide.

The events are part of the commission's work in implementing the SA Mental Health Strategic Plan 2017-2022, a core strategy that aims to strengthen mental health and wellbeing through prevention and early intervention, as well as improve awareness and reduce stigma. The plan is focused on strengthening the mental health and wellbeing of all South Australians and we all have a role to play in this. With many South Australians living with a mental illness, it is important to ensure that our language is right to help break down stigma and encourage people to seek help and support and to, most importantly, seek it early.

The plan was created from feedback, lived experience, stories and concerns from over 2,200 people of all ages from right across South Australia. I want to thank the SA Mental Health Commission and the commissioner, the Hon. Mr Chris Burns CSC, and his team as they continue to implement the SA Mental Health Strategic Plan.

Last night, around 80 media professionals gathered for a presentation by Mindframe. Mindframe is an Australian government initiative that encourages responsible, accurate and sensitive representation of mental illness and suicide in the Australian media. I would like to thank the presenters, Marc Bryant and Sara Bartlett, for their enlightening and insightful presentation on the importance of language in relation to communication and engagement on mental wellbeing, mental illness and suicide. The message was clear: words really matter when it comes to mental illness and suicide and the way that our media outlets report it is even more important.

Surprisingly, members of parliament and our staff have something in common with journalists and that is that we can become deeply involved with people's lives. We hear their stories, learn about their personal challenges and can become emotionally invested in their issue. The words we use when speaking to constituents, writing letters, delivering speeches or posting on social media can have a significant and lasting impact.

This morning, I was joined by my colleagues the member for Wright and the Hon. John Darley MLC to co-host the Mind Your Words forum for members of parliament and staff. It was wonderful to see you there as well, sir. I know that the issue of mental health and suicide is a very important issue for you and your constituents out on the West Coast and Eyre Peninsula.

This morning was an opportunity for members of parliament and staff to hear about the importance of language. The presentation provided tips and hints on mindfulness; mass communications on suicide and mental illness; issues to consider to support safe and risk-averse communications; safe messaging in speeches, media releases and social media; ways to generate behaviour change for suicide prevention; and self-care for MPs and staff. Both events coincide with the National Suicide Prevention Conference being held in Adelaide this week.

An important message from both events is the need for each and every one of us to look after ourselves. Representing our communities is clearly a privilege and one I am sure we all enjoy, but it does have its unique challenges. We are not counsellors, but we do often listen, provide support and endeavour to assist people in need. It can be challenging, and it is important that each of us, and our staff in particular, look after our own mental health. As I said this morning, it is important for MPs to ensure that our staff have the right equipment and tools to deal with these matters as well.

We should not be afraid to ask for help. Taking care of our own mental health and wellbeing enables every one of us to cope with daily challenges, build healthy working relationships and work productively. My thanks to Mindframe; the SA Mental Health Commissioner, Mr Chris Burns, and his staff; Jenny Brown from Lifeline Adelaide; the host of last night's event, Tory Shepherd from *The Advertiser*; panellists Sean Fewster, Ali Clarke, Jessica Adamson, David Washington; and Australian Mental Health Nurse of the Year, Matt Bell.

Finally, I would like to acknowledge that today is Lifeline's National Stress Down Day, when we are all encouraged to stress less at work. Even in parliament, every now and then, we should probably stress less.

AUSTRALIAN SPACE AGENCY

Mr BROWN (Playford) (15:31): I rise today to speak on a topic that has proven popular in this parliament: the topic of a national space agency. As members would be aware, the agency began operation this month, with its interim headquarters in Canberra. We have heard from a range of members about the potential advantages of bringing such an agency to South Australia and also about how South Australia's unique physical, industrial and institutional landscape makes our state so well suited to hosting such an agency.

Indeed, the significant work done by the former Labor government in seeking to attract the agency to South Australia articulated these benefits very clearly and set out a compelling argument for giving the national space agency a South Australian home. There is fierce agreement in this place that the national space agency should be substantially based here in South Australia, but I believe that we should also commit ourselves to the industry hub of the agency being in my community of Mawson Lakes.

Mawson Lakes provides a rare coincidence of the spectrum of institutions that would be impacted and utilised by this agency. UniSA's local campus is home to the International Space University's Southern Hemisphere Space Studies Program. This program complements the university's existing programs delivered there, such as the Graduate Certificate in Space Studies, and provides further exposure to the cutting edge international understanding of issues such as space science and exploration, human spaceflight and life sciences, space systems engineering and technologies, space business and project management and space law and regulatory issues.

It is not yet clear exactly what role Australia's national space agency will play or how it will be composed. However, it is apparent that it will be tasked with co-ordinating, regulating and promoting the local industry. The academic understanding of these issues is crucial to Australia effectively contributing to and capitalising on the ever-expanding international space industry.

Quite literally across the road from where this program is delivered is the Mawson Lakes Technology Park, which houses over 100 local and international companies, many of which are already working in the space industry. Local examples of these companies include Rapier Electronics, which builds and supplies electronic components for use in spacecraft; Solinnov, which designs and supplies high performance electronic systems used in receiving satellite communications; and elmTEK, which provides simulation and training systems.

Co-located with these and many more South Australian companies are national and international firms at the leading edge of the global space industry. These firms include Lockheed Martin, QINETIQ and the Australian SpeedCast subsidiary, NewSat. These local and international companies provide a fine example of the firms that would likely be championed and coordinated by our new space agency. There are other South Australia companies working in the space industry, such as Fleet, in Beverly; Inovor, in Adelaide; and Neumann Space, in Brompton. However, these geographically disparate firms only serve to highlight the remarkable opportunity presented by the coalescing of space-related firms in Mawson Lakes.

I believe that a national space agency co-located with the Mawson Lakes cluster of highly relevant and experienced institutions is the best way to ensure that such an agency can effectively fulfil its role of coordinating the full gamut of space-related institutions. Not only will co-location make this space precinct more efficient in a practical sense but co-location will also more easily facilitate the development of closer relationships and networks between the existing institutions and the new space agency. This close proximity would also create a familiarity and collegiality between the agency and these institutions, which will enable the effective promotion of their work around the globe.

Mawson Lakes already contains representative elements of the constituent parts of Australia's space industry, which a national space agency would seek to coordinate, promote and regulate. By adding the national space agency's physical presence to this existing mix of industry and academia, the agency would be well placed to draw on this experience, contribute to this community and achieve its objective of launching the Australian space industry into the stratosphere and beyond.

The Premier has indicated that he and his government are wholeheartedly behind efforts to make South Australia the permanent home of our new space agency. In this, we are in furious agreement, but I do hope he will agree that the home base for our nation's space industry should be in Mawson Lakes.

MEALS ON WHEELS

Mr CREGAN (Kavel) (15:36): I rise to acknowledge and record my thanks and the thanks of my community for the 40 years of service provided by the Onkaparinga branch of Meals on Wheels South Australia. It was a genuine pleasure to join the branch for its 40th anniversary lunch and AGM on Thursday 19 July 2018. The service and pastoral care provided by Meals on Wheels volunteers throughout the Hills cannot be overstated. It is a vital service sustained entirely by volunteers in the branches, and many in my community depend on that service for their ongoing wellbeing.

To reflect briefly and to inform members, meals are provided to those who are unable to prepare a meal or shop for themselves with ease. They are also provided to people who may be recovering from major illness or surgery. A significant number of meals are provided to people with a disability, people in their senior years, people who perform work as a carer or people who need assistance due to a special circumstance or crisis.

It is estimated that over the past 40 years the Onkaparinga branch of Meals on Wheels has delivered 259,427 meals; this year alone the branch has delivered 3,427. It is important to me to record in this place the volunteer efforts of Ms Dawn Coulter and Ms Kay Joyce. Ms Coulter and Ms Joyce were foundation members of the branch, and they continue to deliver meals 40 years later. I also wish to acknowledge Mr David Kerber, Mr Andrew Nicolson, Mrs Rosemary Franklin, Mrs Mary Collins, Mr Leon Stacey, Mrs Pam Cotton, Mrs Debbie James, Mrs Ann Sommerville, Mrs Jill Smith, Mrs Audrey Kramer, Mrs Bronwyn Stopford, Mrs Violet Copeland and Mrs Ann Wuttke.

As members will know, there are approximately 88 Meals on Wheels branches across the state, from Ceduna to Renmark and from Quorn to Port MacDonnell. Using an average, I note that about 4,300 meals are delivered daily, and the quantity of ingredients involved is of course very significant. I understand that some 50 million meals have been delivered since Meals on Wheels was founded by Doris Taylor 60 years ago. Meals are prepared at Meals on Wheels kitchens, in country hospitals and in similar facilities. There are approximately 8,000 volunteers who assist Meals on Wheels.

Ms Taylor, in founding Meals on Wheels, did not intend to start a charity, and it is true that those who receive meals make a modest contribution to the cost of the service. However, it is right, I feel, to say that Meals on Wheels is a vital form of pastoral care, not just in my community but across the state. I heard many stories at the AGM of ways in which volunteers had provided companionship and wider assistance to those in our community who are often lonely, vulnerable or afraid. For this additional care, I also record my gratitude and the gratitude of my community.

Bills

LOCAL GOVERNMENT (RATE OVERSIGHT) AMENDMENT BILL

Second Reading

Adjourned debate on second reading (resumed on motion).

Mr PEDERICK (Hammond) (15:40): With the few minutes I have remaining, I want to conclude my remarks on the Local Government (Rate Oversight) Amendment Bill, which is something dear to the heart of the Liberal Party.

I just want to note and make comments around the Coorong District Council. A Coorong ratepayers action group was formed, and I went to many meetings, and I know that the member for MacKillop went to some of those meetings. Over 500 people attended different forums between Taillem Bend, Peake and Tintinara with concerns about how their hard-earned rate money was being spent. That tells me that there are lots of questions for my particular council to answer.

It was interesting that the Adelaide Town Hall meeting the other day seemed to be a pretty one-sided meeting. It was a bit of a cheerfest for the LGA and its position against rate capping. They were talking about autonomy for local government. Local government only operates under the Local Government Act 1999, which is an act to form local government and other matters, so they are not going to have complete autonomy; it is just not going to happen.

I just want to reflect on how much federal money and state money—the federal assistance grants out of the federal government—goes into local government now. It is many, many millions of dollars, and in some cases 50 per cent of council income comes from these grants which have nothing to do with rates. It is interesting to note that some councils take the position that any money for roads—and Coorong does this—only comes out of grants, so their rates do not even go into the roads, and it shows, sadly.

At the meeting at the Adelaide Town Hall, I had a conversation with the Mayor of Southern Mallee, Andrew Grieger. We were having a fairly in-depth conversation about rate capping and its effects or non-effects on councils. He said, 'Well, road maintenance isn't legislated for, so perhaps we should legislate for it.'

I just want to reflect on a trip I did last week. I went on the road between William Creek and Oodnadatta, and I tell you what, I want that outback road maintenance crew down in these council-bound areas to do the roadworks because they could teach all our local governments how to build and maintain a road. That road between William Creek and Oodnadatta in the outback was a credit to that maintenance crew. It is far better than a lot of the roads in my council area and some of the other roads in my electorate. I support this bill and I commend its speedy passage through the house.

Ms HABIB (Elder) (15:43): It is a tough time for South Australian families and businesses, for the elderly and for single people trying to get ahead. I have doorknocked thousands of homes and spoken to thousands of people in the shops and at community events, and without a doubt consistently I hear stories of the pressure that households and businesses are under to pay their bills whilst trying to get ahead. In the lead-up to the 2018 state election, the Marshall Liberal team listened, and we responded with more than 300 policies that together form a strong plan for real change, a strong plan for more jobs, lower costs and better services.

One of our key policies to ease cost-of-living pressures for families, for mums and dads, for the elderly and for our South Australian businesses was to introduce a cap on council rate rises. You may wonder why. Why would we want to introduce a cap on council rate rises? In recent years, council rates have increased well above inflation. In some council areas, rates have risen by three

times the CPI. South Australian households and businesses have been smashed with council rate increases over double the rate of the local government price index (LGPI).

Over the last 10 years, local government rate revenue has increased by 67 per cent compared with a 31 per cent increase in the LGPI over the same period. Treasury analysis shows that over the same 10-year period, state government revenue only increased by 24 per cent. To really make this very clear, local government rate revenue increases are approximately double the LGPI and more than double the state government revenue—67 per cent local government rate revenue compared with only a 24 per cent increase in state government revenue. This is simply unacceptable.

As some of us may already be aware, the City of Onkaparinga is one of the worst offenders when it comes to the misuse of ratepayers' money, where rate revenue has increased by a significant 74 per cent over the last 10 years. *The Advertiser* reported that between 1 June 2014 and 31 January 2016, the mayor and the CEO spent \$69,643 on ratepayer-funded credit cards. Golf club membership for the CEO of the City of Onkaparinga cost \$6,818, which was originally paid for by that council. I do note that he paid that amount back, according to *The Advertiser*, but he also received a \$7,000 pay rise. You work it out. The City of Onkaparinga paid \$22,000 in legal fees to keep the membership fee a secret.

There has also been lavish spending by that same council, including overnight accommodation in city hotels after functions, \$18,000 on flowers and thousands more on Apple products, including an Apple Watch for the City of Onkaparinga CEO once again—and this is just what we know. Can you imagine the other unjustified and unnecessary expenses paid for by ratepayers that we may still be unaware of? I was equally shocked to learn that the Local Government Association ran a campaign against rate capping prior to the 2018 state election using South Australians' hard-earned income collected through rates. InDaily reported a total spend of \$211,000.

I have served as a councillor for the City of Marion during 2010-14. I know local government provides services beyond roads and rubbish collection, and I am thankful for the magnificent libraries, playgrounds, parks and community programs delivered by our local councils. However, in my time on council, I unfortunately observed firsthand the lack of discipline by some councillors who are happy to support rate rises without due regard to the impact it would have on households. Keep in mind that some councillors were elected on the back of just 400 or 500 votes, and they were making decisions to increase rate rises, representing and supposedly governing for more than 90,000 people, as is the case with the City of Marion.

Our legislation to introduce rate capping represents yet another election commitment we are committed to delivering. As I mentioned earlier, prior to the election, we listened, we responded and now, in government, we are delivering. Make no mistake, we are a government that is committed to delivering our strong plan for real change—our strong plan for more jobs, lower costs and better services. I can only hope that those opposite—the Labor Party and those who serve independently—are as committed as we are to easing unnecessary cost-of-living expenses for families, households and businesses.

The legislation we have introduced will deliver more oversight, transparency and accountability for the local government sector. Our rate capping policy strikes the right balance between keeping cost pressures down for South Australian households and businesses while also facilitating growth in the local government sector. After all, our priority is to keep cost pressures down, but we do not want to get in the way of growth or the delivery of productive infrastructure and necessary services.

That is why, through consultation with the local government sector, we have devised a rate capping scheme which will enable councils to increase their rates if they can convince ratepayers and the independent regulator that the increase is necessary. Interestingly, since the Liberal Party announced our rate capping policy, some councils have already tightened their belts and kept rate increases to a minimum, which is great news for ratepayers.

This shows rate capping will make councils more accountable to the people they represent, and also ensure that councils have to look within for efficiencies and are not able to pluck rate rises from the air. Local councils are currently holding meetings to determine their position on the

legislation by 3 August. From there, it will go to the LGA Board for a sector-wide position. We sincerely hope the local government sector will accept rate capping to restore faith amongst their ratepayers.

The rate capping process will give confidence to ratepayers that their councils are spending their money more wisely. After all, at every level of government, there is a duty to ensure service delivery is as efficient and as effective as possible. The money raised through taxes and rates does not belong to the people in elected positions; it was hard earned. It was hard earned by the mum who goes to work and sacrifices time with her children, hard earned by the older person at home who hesitates to turn on the heater so that they have enough money to pay the bills and by the young person who is studying and working to get ahead.

This money is hard earned by so many South Australians, and we must never forget that. We must instead change the conversation from, 'How much can we splash around and spend?' to, 'Are we doing the best with what we've got, and how can we do more?' I commend the bill to the house.

Mr BASHAM (Finniss) (15:52): I rise to support the bill, and I think it is a very key part of the policy the state Liberal Party took to the 2018 state election: to introduce council rate capping to ease the cost-of-living pressure on South Australian households and businesses. Rate capping is alongside other measures that the Marshall Liberal government is looking to introduce, including capping the NRM levy and lowering power costs. These are just some of the key things we need to do to look after our community.

Many residents within my electorate are on fixed incomes. Many of them are retirees who are living off either pensions or superannuation as they have retired from their working lives. To have significant increases in the cost of living, it is very difficult for them to make their budgets work going forward. They have to be able to get food on their tables and make sure they can live comfortably, and keep their houses warm over the cold days of winter and keep them cool through the hot days of summer. There are many pressures on people in my community in particular.

I think this legislation will deliver more oversight, transparency and accountability for the local government sector, but I also think it will deliver the same transparency and accountability to both the state and federal governments for the services they already deliver and may at times walk away from. If the local council has to pick up a service that has been neglected by the state government or federal government, they are going to have to find a way to fund it.

Under this method, they are going to seek to get an extra rise. Therefore, it will very much publicise that removal of support by the other tiers of government, allowing them to focus on the key factor of having to pick up the service when others have walked away. So we will not see cost shifting just occurring in the background: it will be very much in the forefront. I think those discussions will be useful for council, state government and federal government to make sure we are not just cost shifting.

Due to the way the bill has been drafted, we are going to see an encouragement in the development and growth of regions. The more growth that we can stimulate, the more rates are going to be delivered back to those councils that have high growth. There is a lot of potential in the seat of Finniss, particularly around the coastal towns. The inland towns are also within a commutable distance to Adelaide and we are seeing a lot of growth there. As the number of allotments grow, so does the rate capping to those councils in the seat of Finniss.

In the seat of Finniss, I am very lucky because I have two main councils and also piece of a third. I have about half of the Alexandrina Council in my electorate, I have the totality of the Victor Harbor council and a small piece of the Yankalilla council. I believe those three councils are very good, responsible councils and do their utmost to make sure their rates are kept as low as possible. They have been very well consulted and I have been part of that consultation process through the Southern and Hills LGA group.

I was at a meeting with them recently and I did not hear much concern at all. There were maybe some minor technical concerns around some of the aspects of the bill and wanting some clarity about it, but I would not say that they were overly concerned. They may not like rate capping,

but they are not concerned that it is likely to come in. They are more than happy to work with government to make it work.

As a long-term resident in the Alexandrina Council, there are some things I have seen, and tree trimming is certainly something that has caused significant problems for the council. There are some things in that space that are putting extra costs into the system that I believe we need to sort out from a state government point of view. To me, rate capping will allow us to focus on finding those cost savings.

We have seen where councils are required to trim the trees on the road to keep the window of clearance out to a safe distance to make sure that the trees do not encroach onto the road. If they do not trim those trees within a five-year period, they have to seek natural vegetation clearance permits to trim those trees. If they do not do it within 10 years, they have to have a site visit, all of which the council has to pay for. This is just to fill the window.

Particularly through my area, a lot of those trees do not grow at those rates and do not need to be trimmed every five years, but we see them out there trimming more often, trying to avoid the cost of going through the full process. The sensible thing is to actually fix the problem, rather than spend money so that the problem does not get too big. I think there are many cases where we can get productivity improvements through the councils.

Again, I think Alexandrina have done a very good job this year. They have put a rate rise of 2.9 per cent forward for this year, and I think they have done that in a very constructive way. They have looked for savings out there to deliver them back to the community. I think this will encourage many others to do exactly that. As others on this side of the house have said, the rate rises we have seen from some of the other councils and as an average across the board are not acceptable. To see increases of 67 per cent over 10 years is just not acceptable. At the same time, we have seen an increase of only 24 per cent across the state government revenues.

To me, we have to get this back into reality, and we also need to make sure that it is transparent and that people understand where they are spending their money. This brings that transparency back. Councils do not have quite the same scrutiny we have in this place. Many things here are seen in the major newspapers, whereas council meetings are sometimes covered in local newspapers, but it is certainly nowhere near the coverage we get here. I think the community has a right to know a bit more and a right to know and understand the pressures on those councils.

We have to change the conversation. We have to talk about how we can do what we need to do with the right amount of money. We have to work out how we can spend on just what we need to do to cover the community's total needs because some things may not be needs: they may be wants. Not everything should necessarily be done. I think that councils are probably dipping their toes into some issues that may not necessarily be in the best interests of their communities just because there is some minimal support to have a look into those issues.

We have to make sure that we do not waste money, and we also have to look at how councils can work together more closely. I am very excited that the three councils in my electorate are talking together about how they can save costs in things like back-of-house HR management so that they do not have HR managers in each of the councils. They are working together to see if they can deliver that together. There are many things that can be done to improve the productivity of councils, and I think that is just part of it.

A few days ago, I was very disappointed to read an article by the Hon. Frank Pangallo from the other place saying that he does not support this. One of his concluding remarks was, 'It's only going to be a cup of coffee a week that people have to find.' Many people in my community cannot afford a cup of coffee. Many of them will have a cup of coffee at home out of the instant coffee tin rather than go out and spend \$5 for a cup of coffee. I think it is an insult to the community to make that comment. We are talking \$250 a year at \$5 for a cup of coffee a week, and \$250 is a lot of money to some people. We really have to consider everyone in this equation, and this is just part of managing costs for the community. We really have to be careful about how we think about this.

This policy is certainly not about reducing services but about reducing costs to households and businesses to get the economy moving again. This legislation meets a key election commitment. It is one of the key reasons why South Australians voted for the Marshall Liberal government. This

policy does not prevent councils from raising rates. There are many mechanisms in the legislation to allow individual councils to apply for increases and also for groups of councils to work together. For example, if regional councils think that they have extra costs above city councils, they can work as a group to put forward a proposal, so I think there are many opportunities in this legislation.

The community I represent is very fortunate to have the three councils it has, and I have nothing to fear for them from the increased transparency and accountability. In closing, I very much support this bill and encourage others to do likewise.

Mr PATTERSON (Morphett) (16:05): I rise to support the Local Government (Rate Oversight) Amendment Bill 2018, which seeks to amend the Local Government Act 1999 to introduce a rate capping scheme here in South Australia. The rise in the cost of living is putting undue pressure on South Australian households and businesses. Reducing cost-of-living pressures is a key focus of the Marshall Liberal government. Council rates are one of the biggest taxes that homeowners pay on an annual basis. In recent years, council rates have increased well above inflation. In some council areas, rates have risen by three times the CPI.

At every level of government, there is a duty to ensure that service delivery is as efficient and effective as possible to contain costs to taxpayers or ratepayers and ease cost-of-living pressures. The introduction of rate capping legislation in June this year delivered on a key election commitment and sees the government delivering it in its first 100 days. Australia has three levels of government that work together to provide Australians with the services they need: federal, state and local. Local government is often referred to as the third level of government. The constitutional responsibility for local government lies with state and territory governments, so the South Australian state parliament has given councils the task of looking after the particular needs of their local communities, and this is administered by the Local Government Act 1999.

In South Australia, 68 councils are created under the Local Government Act. Some of the objects of the present act are to encourage the participation of local communities in the affairs of local government; to provide local communities, through their councils, with sufficient autonomy to manage the local affairs of their area; to ensure the accountability of councils to the community; to improve the capacity of the local government system to plan for, develop and manage local areas; to enhance capacity of councils to act within their local area as participants in the Australian system of representative governments; and to encourage local government to provide appropriate services and facilities to meet the present and future needs of local communities.

At every level of government, there is a duty of care to ensure that service delivery is as efficient and effective as possible to contain those costs to taxpayers and also ease those cost-of-living pressures. These responsibilities of local government include planning at a local and regional level for the development and future requirements of the community. Councils also provide infrastructure for their community and help conserve, manage and protect their local environment in a sustainable manner. Additionally, they provide services and facilities for not only ratepayers but residents and visitors. This includes supporting organisations, businesses and industries in the local area, so it can be seen that local government does provide a valuable service to its local community.

In Morphett, there are three councils: City of West Torrens, City of Marion, and City of Holdfast Bay. Prior to being elected to represent the people of Morphett, I had the privilege of representing the people of Holdfast Bay, first as a Somerton Ward councillor from 2010 and then as their mayor in 2014. Providing value for money to all ratepayers was one of my key focus areas from when I was elected in 2010 until concluding as mayor last year. This was based upon providing a budget that runs in surplus, which is vital to the long-term sustainability of any organisation, based on a long-term strategic plan that is also aligned to community expectations. This strategic plan then feeds into annual business plans and budgets.

One of the focuses was based on slowing the yearly growth of rates by supporting robust income-producing community assets, such as the redevelopment of the Brighton Caravan Park, and paying down council debt, which then reduces the amount of interest being paid in future years. Consequently, the rate capping policy that the Liberal Party has progressed has always had my support, firstly as a local government representative and now at state level, as I know that reducing the rise in rates has the support of the broad community.

The latest annual report of Holdfast Bay outlined that 360 kilometres of footpaths and 160 kilometres of roads were maintained, 540 new street trees were planted, nearly 450,000 items were lent to over 16,000 library members, 10,400 community transport trips helped residents get out and about and 445 volunteers contributed over 85,500 voluntary hours worth approximately \$3.5 million.

No-one in this chamber would dispute the value of these to their local community. The challenge, as with all levels of government, is to balance the services a government provides to their community with the ability to pay for it. In the case of local government, the income sources include statutory charges, user charges, investment income, operating grants and subsidies from both federal and state governments and special rates, but principally general rates revenue, which is derived from property owners in the council area.

General rates revenue takes into account a property's valuation, as well as various land uses across the council district, and so how much each individual ratepayer pays varies depending on property type. Each financial year, councils determine a rate in the dollar that is based on the amount of revenue that will be required to meet their ongoing cost of providing services to the community and this revenue is then used to produce a rate in the dollar, which is the ratio of the overall general rates revenue divided by the total valuations of land in the council area.

As I outlined previously, the general rates revenue is the principal source of income for councils and is arrived at by each council to provide services. I should mention that people are prepared to pay their rates as they recognise the value of services that councils provide; however, compared to a business, or other levels of government that have to estimate their income sources and then set their expenditure in their budgets, a significant portion of council's income is set by general rates revenue, which councils have complete control over setting. Being in effect a monopoly where ratepayers cannot shop around for better deals, councils have a large responsibility to their community that the general rates revenue that they raise to provide services to their community is in fact supported by that community.

There are cost pressures on the budgets of all organisations, but over the last 10 years council rates have increased at a rate three times the level of inflation and local government rate revenue has increased by 67 per cent. The rate oversight bill therefore seeks to amend one of the objects of the Local Government Act to not only encourage local government to provide appropriate services and facilities to meet the present and future needs of local communities but also provide for the appropriate contribution by ratepayers to those services and facilities. To provide for an appropriate—

The DEPUTY SPEAKER: Time has expired, member.

Mr PATTERSON: Could I seek leave as they forgot to change the clock?

The DEPUTY SPEAKER: Did they?

Mr PATTERSON: Yes. I have been speaking for about five minutes.

The DEPUTY SPEAKER: Sorry, I did not pick up on that. Member for Morphett, there has been a misunderstanding with the clock, it would seem, so it is my decision that you can have another 10 minutes, or up until 10 minutes.

Mr PATTERSON: I was going to ask for 15.

The DEPUTY SPEAKER: Member for Morphett.

Mr PATTERSON: To provide for an appropriate contribution by ratepayers for services and facilities, the bill introduces a rate oversight scheme to the Local Government Act. It will therefore shift the focus to analyse services, rather than expand them.

This rate oversight provides for the establishment, operation and reporting of a system to cap the amount of revenue that councils can gain through their primary rating tool: general rates. This will require councils to carefully consider the decisions they make around their own operations and seek efficiencies ahead of greater revenue.

This bill provides a rate oversight framework that establishes the key element of rate cap determinations. The establishment of rate cap provisions enable the cap to be set, determining that the cap applies to a council revenue recovery for general rates and providing for its calculation on an annual basis for all councils. It will apply to general rates but not to prescribed services. The scheme will be administered by an independent body, the Essential Services Commission (ESCOSA), which will set the cap for all councils, a class of councils or a single council.

ESCOSA is an independent economic regulator established under the Essential Services Commission Act 2002. The objective of ESCOSA is the protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services. I know that councils want to put the long-term interests of their community first, so it would sit comfortably with them, I would have thought, to say to their community, 'I support ESCOSA having oversight of the essential council services we provide in terms of price, quality and reliability.'

The amount of the rate cap can be compiled from various sources: the consumer price index, the producer price index or the wage price index. The most recent cap for South Australia was 2.4 per cent. It also takes into account some efficiency dividends. By way of comparison with other jurisdictions that have enacted rate capping, New South Wales has had rate capping since 1976. Since 2010, the rate cap has been set by the Independent Pricing and Regulatory Tribunal, and in the 2018-19 year, it was set at 2.3 per cent. In Victoria, the rate cap is set by the Minister for Local Government, rather than by an independent body, and in 2018-19, the cap was 2.25 per cent.

It is important to note that the South Australian bill does not simply cap councils' total generated revenue. One of the chief criticisms of rate capping schemes in New South Wales and Victoria is that they do not allow councils to manage additional costs that can come from growth in their area. To ensure that this is not the case, the bill proposes that the primary rate cap will apply to a base standard rate.

This is a single rate that is calculated each year by applying the cap and dividing the council's total annual revenue by the number of rateable properties in the council area. This method of calculation will mean that if the number of rateable properties within a council increases, this growth will be captured in the council's annual calculation of the cap. This mechanism should overcome fears of infrastructure and service shortfalls from a cap.

At this stage, I refer back to the three councils in Morphett and their 2018-19 annual business plans. West Torrens projects a rate rise of 2.3 per cent, with similar rate increases in following years. Importantly, their annual business plan states that it is acknowledged, for the purpose of the council's forward estimates, that rate capping may be introduced by the incoming Liberal government and that the possibility is manageable within the framework of what is being proposed. Holdfast Bay council projects a 2.7 per cent rate increase. In their annual plan, they state that this rate is made up of:

...76 per cent of our revenue...Whilst we are a leader in South Australia for non-rate revenue, we are seeking to reduce this rate burden by increasing our revenue from other sources...

The Marion council had their lowest rate rise in 20 years, with 1.8 per cent for 2018-19. Their annual report states:

The council is committed to delivering value to our ratepayers. We continue to focus on identifying on-going savings that can be passed on to ratepayers. This strong efficiency focus has enabled a further reduction in the average rate increase down to 1.8 per cent while maintaining current service levels.

At the same time as they are setting these rates, the councils are also investing in important community access. Two examples in Morphett are the Morphett Park Sports and Community Club and the Marion Outdoor Pool. As shown, these three councils in Morphett are well-run councils that have good, long-term financial plans that are sustainable. They can survive and prosper under any proposed rate oversight scheme that the Marshall Liberal government is seeking to introduce as part of its program to reduce cost-of-living pressures.

During the election campaign I was continually listening to ratepayers, either while doorknocking or at shopping centre visits or listening posts, and they were all concerned about that cost-of-living pressure. I received good support for the Liberal plan for council rates to be capped. Many of these people could well be referred to as the silent majority that councils have such difficulty connecting with. As an example, each year, prior to a council's budget being adopted, it is put out for

consultation, and unfortunately, despite councils' best efforts, the number of responses to this consultation process is usually very small. However, the absence of respondents is then taken as an endorsement of the proposed plans.

As I outlined previously, well-run councils with good long-term strategic plans that are connected to their community should have nothing to fear from rate capping. Well-run councils are also reliant on competent elected members because these councils are significant, going concerns. Holdfast Bay, for example, has a budget of \$57 million and controls \$600 million of assets. West Torrens has a \$65 million budget with \$700 million of assets, and Marion has an \$88 million budget with assets over \$1.1 billion.

These really require elected members to have strong financial competency. Unfortunately, some members who are elected to councils, while all very worthy community members, have run for council without an understanding of the number of services the council runs and the significant budget required to administer them. Consequently, the introduction of rate capping will help inform the decision-making process of elected members when formulating their budget.

One of the narratives I hear against rate capping is that the councils will just cut services or stop maintaining buildings. To me, this is a lazy approach. I believe that, rather than councils just continually going back to ratepayers for more and more money, rate capping will force the elected members to improve efficiencies of service delivery and so deliver more from what councils have. The upcoming local government elections, in November this year, become an opportunity for candidates to promote their financial credentials in terms of how well they will set their council on a path to working with rate capping and improve efficiencies of service delivery.

Where there is a need for a council to have an increase in rates above the prescribed rate to ensure financial capacity to deliver for its community, then it can apply for one. This bill provides for the ability within the system for councils to apply for individual variations on this cap. If councils apply for a variation of the rate cap, they must demonstrate engagement with their community on a rate variation, why that variation is necessary within the context of the council's operations and long-term financial planning, and whether they have considered making efficiencies as opposed to just increasing rates.

Again, ESCOSA will be responsible for receiving and assessing these applications, which must be made by 31 March each year. Variations can be requested for up to five years. In order that the provisions not be onerous on councils, the information councils are currently reporting on, such as their long-term financial plans and asset management plans, will form the basis for ESCOSA's decision-making, again dispelling an argument mounted by opponents to this rate capping measure, that the effort required to request a variation will exceed the rate increase they are requesting.

At the same time, during the consultation, the Liberal Party has recognised that over recent years there has been cost shifting from the state to local governments, which has imposed an unfair burden on ratepayers, so a Liberal government will not continue Labor's cost shifting to local councils. Just today in this chamber, the Minister for Environment indicated that the Marshall Liberal government is starting the process for capping NRM levy rate rises. This is a levy that councils collect on behalf of the state government, so quite rightly the councils complain about this and say, 'If you want rate capping for the councils, why not look at your own backyard?' So we are going about that.

Other levies include the solid waste levy. The solid waste levy and the NRM levy have both increased over the last 10 years well in excess of the CPI. These are examples of cost shifting that councils then have to pass on via ratepayers. Again, not all the rate rises experienced are councils' fault. Some of it has to do with the previous Labor government.

On the other hand, the Marshall Liberal government is committed to keeping these cost pressures down for South Australian households and businesses, and capping council rate rises is one way of doing this. The legislation will deliver more oversight, transparency and accountability for the local government sector. This rate capping policy strikes the right balance between keeping cost pressures down for South Australian households and businesses and facilitating growth in the local government sector. This rate capping process should give confidence to ratepayers that their councils are spending their money wisely. I commend the bill.

The DEPUTY SPEAKER: Before I call the member for Waite, I can assure the member for Morphett that he had almost exactly the right amount of time after all of that. The member for Waite.

Mr DULUK (Waite) (16:24): Thank you for your great management, sir. It gives me a lot of pleasure to also make a few remarks about the Local Government (Rate Oversight) Amendment Bill 2018, and I am proud to say that those on this side of the house do support this legislation and we do know what our position is.

I found the contribution this morning from the member for Light once again very, very interesting and exciting, because I would have thought that, by now, the member for Light—a good man that he is, a very earnest local member and someone with a long-time interest in local government who it is good to see back in the shadow ministry—would have been able to convince the Labor Party what its position would be on this bill, whether it is to support it or to oppose it.

It is fine to oppose the legislation if that is the will of your caucus, but if you are opposing it let us know. If you are going to support it, let us know. It is not as if the position of the Liberal Party and now the government is news to the Labor Party or those opposite. In fact, I believe my predecessor as member for Davenport, the Hon. Iain Evans, first mooted in 2013 Liberal Party support for rate capping, and we took this policy to the 2014 state election.

So those opposite, and indeed the people of South Australia and those who support common sense and responsible fiscal management by levels of government, know that supporting this rate capping legislation is a good piece of legislation. The Liberal Party, in the lead-up to the 2014 election, had this commitment. In the lead-up to the 2018 election, this was a very key platform of ours and one which the LGA spent a lot of hard taxpayer funds opposing. I notice they spent a lot more money on its campaign opposing rate capping than they did against the former Labor government's hard waste green tax on councils, which essentially they rolled over on because I think that, at the time, the mayor of Prospect, mayor O'Loughlin—of course, a former Labor candidate for the seat of Adelaide—was just doing the bidding of the Labor Party through the LGA.

It is incredible that the shadow minister does not have a position in his contribution to this debate, and I just think it speaks volumes on where the Labor Party is at the moment. We saw them today in question time on the most bizarre line of questioning from the member for Kaurana. They do not have a narrative. The Leader of the Opposition has actually gone into hiding. He thinks that the winter break has come a bit early. He does not know that there are another couple of weeks of sitting.

The Hon. V.A. Chapman: You are not allowed to reflect on people not sitting in the chamber.

Mr DULUK: Indeed, thank you. I have barely seen a press conference from the Leader of the Opposition in recent weeks.

The Hon. D.C. van Holst Pellekaan: He's keeping quiet.

Mr DULUK: He's keeping quiet. I see a lot from the member for West Torrens. He is pretty active. He has cleaned up his act. He has taken off his beard. He is enthusiastic. I know what his position is on rate capping, and I suppose this is a debate that is happening right now within the Labor Party. So, it is intriguing that we are having this debate. The minister (member for Schubert) has presented to the LGA, and all I can surmise from this is that the Hon. Frank Pangallo from the other place is pulling the Labor Party every which way on this position.

If the Labor Party is not careful, we are going to see SA-Best making policy on behalf of the Labor Party, and I do not know whether that is the position that the Labor Party wants to see. I would like to see between the houses the Labor Party come out with its position. I would love to see what some of the other members of the Labor Party actually think about rate capping. I would like to hear what the member for Reynell in her contribution—when she makes it—and the member for Kaurana think about how Onkaparinga is serving its constituents at the moment, and I think that is really important.

However, I am afraid the Labor Party does not want to be involved in this conversation because all I can think is that they do not really care about the people of South Australia. Those opposite do not care about cost of living because it reflects on their 16 years in government where

they constantly put up rates and taxes for South Australians at every level, whether it was through local government with their green tax, whether it was through rates and charges on services and utilities, or whether it was delivering the highest energy prices for South Australian consumers. It is in their DNA to charge and to charge because they believe that the big arm of government knows best.

We on this side of the house sensibly went to the election with a broad-ranging, common-sense approach to rate capping. There has been a big fear in the community that rate capping by this government will be some big blunt instrument, but that is not what we are doing. Through the mechanisms that we are establishing, there will be an opportunity, especially through ESCOSA, for councils to apply rates obviously within the band that ESCOSA set and then of course for there to be additional discretion.

The fear that council projects or reinvestment in ageing community infrastructures, such as community centres and sporting facilities, will not be achieved under a rate capping regime is complete and utter nonsense. Those in the LGA and some councillors across this state—some are in my good council of the City of Mitcham—are peddling a line that if we have rate capping councils will have to cut services. The situation is quite the opposite.

One thing that rate capping will do is sharpen the focus of councils and the way that councils spend their money. That can only be a good thing. If any arm of government is forced to focus its attention, and to be sensible and prudent in the way it spends its money, that is only a good thing, and that is the standard that I know this government is holding itself to. I know that Treasurer Lucas is particularly keen to see financial discipline and sound management of the Treasury bench because that is what we do on this side of the house.

Those South Australians who believe that government at all levels should always act in a responsible manner should have nothing to fear from rate capping. I urge those members opposite to really thrash this out in caucus over the next couple of weeks and come to a position because I think that will really help the parliament. Ultimately, the question is: when this bill goes to the other place, what is the Labor Party going to do? What position will the member for West Torrens convince his caucus to have? Is it going to be one that actually supports the will of the South Australian people, or is it once again for the Labor Party to be obstructionist and difficult and to stop good government?

Ultimately, that is going to be the question should the Labor Party choose not to support this legislation in the other house. I can only assume they are not going to support it in this house. When we get through the committee stage, we will know if there is going to be a division on this bill and then see the way the Labor Party vote later on. It will be interesting to see what they do as we pass this bill through the house and if there is a call for a vote, which will be intriguing. Nevertheless, when it gets to the upper house, is the Labor Party going to support the will of the people?

For two elections now, the Liberal Party has taken this policy to the election and said that a Marshall Liberal government will introduce this legislation. Everyone has known about it. I have to say that it is probably one of the most well-supported policies in my community and across the board. The question really will be: does the Labor Party believe in democracy and does it support the values of the principles of the mandate of the government? It is a pretty interesting question.

In relation to the specifics of the bill, there are three key elements. One is determining the cap that applies to council revenue recoverable from general rates and providing for its calculation on an annual basis for all councils, classes of councils or, indeed, particular councils. Of importance is that there is plenty of discretion. The second point is that the bill will set out provisions that enable councils to apply for a variation of the rate cap by demonstrating engagement with their community on a variation and that a variation is necessary within the context of the council's operations for long-term financial planning. This allows for a council to come and say, 'We are looking at this particular project.' For example, it might be the Port Adelaide Enfield council looking to build a new community swimming pool in Enfield near the member for Enfield's electorate office, and we know that swimming pools are quite expensive pieces of public infrastructure that cost many millions of dollars.

If the City of Port Adelaide Enfield was to go to the commission and say, 'This is a pressing need for the community,' and over the term of the project it will require an extra 0.25 per cent on rates over the next five, 10 or 15 years to fund that community project that may be desired by the

people of Manningham and Enfield, then there is plenty of scope for that to happen within this legislation. I do not think we are going to be in a situation where we see people missing out on important government services.

Another aspect of this bill is setting out provisions that allow for monitoring and reporting on the rate oversight system. This will ensure compliance and understanding of the effect of rate oversight on councils. The rate oversight system would be managed by an independent regulator, not by the government or the minister. ESCOSA, the respected independent regulator, will be responsible for making rate-cap determinations, receiving and assessing applications from councils for variations on the rate cap, and reporting on compliance and the outcomes of the system to the minister on a regular basis.

I suppose the question is: why are we doing this? In my view, rate capping would be a positive step towards reducing some of the financial pressures confronting the people who have elected us to serve them. It is certainly my view, and that of this government, that we need to govern in the best interests of the state and ratepayers. I believe there is no doubt that rate capping is a very good way to help South Australians with cost-of-living pressures.

It is my view that rate capping would make councils more efficient. I think it will streamline much of the budget processing that happens in councils at the moment, and it will create consistency across the board. As I said, we have a commitment to reducing the cost of living in a range of areas. This is one of them. Reinstating the remissions on the ESL on 1 July is another way of reducing cost-of-living pressures, and I know that the Minister for Energy (member for Stuart) is doing an outstandingly diligently important job in ensuring that power prices are coming down in South Australia and heading down that path. We have seen unacceptable energy prices in this state, particularly over the past four years.

There is no doubt that we are overgoverned in this state. We are completely overgoverned in South Australia. There are, in my view, constitutionally two very important arms of government: the federal government and the state government. Local councils play a most important role at the civic engagement level, but I believe that, at times, they overstep the mark of their responsibilities. By bringing in a rate-curbing mechanism, I think we have an opportunity to have a new debate about the role of local government and the services they provide to the people of South Australia.

There is wideranging evidence to support rate capping measures to help deal with the increasing cost-of-living pressures, and that is what we are here to do. It is pretty important. Over the past 10 years, local government rate revenue has increased by 67 per cent, compared to a 31 per cent increase in the local government price index over that same time, which is really interesting. People always ask, 'What do I get for my money?' from all governments, but particularly local government services. A common complaint people make to me is that they feel councils have moved away from their traditional role of footpaths, rubbish collection and maintaining parks. At times, I wish that was what local councils actually focused on, as that would be more important.

Instead, many local councils get on board agendas. Some of them get on board quite a lot of what I would call left-wing agendas and ones that are not reflective of the broader community. I think you have plenty of councillors who get onto local government to make a bit of a play for one issue or another, and to me that is not the role of local government. Local government should be about grassroots services for people. In my electorate, in a metropolitan context, the role of local government is very much about footpaths, ensuring that we have good reserves and good bushfire management.

The role of local government is not having debates about whether we should have a Jamie Oliver garden patch or what flag we should be flying on what day. These are not debates that local government should be having. Of course, the most recent one was local government, at the LGA conference, having a whole debate on whether or not we should celebrate Australia Day. You wonder why people get sick of all politicians, including local councillors, getting off topic. It is not the role of local government to decide whether or not we celebrate Australia Day. It is completely outside their remit. Anything we can do to focus councils on what is their core business is what we should be doing.

That is why I believe that the opposition will ultimately support this legislation. I know there are sensible people on that side of the house who also do not believe that local government should interfere in social policy in South Australia, and of course Australia, and instead should just focus on what they do best. I think that common sense will prevail and that ultimately the Labor Party will support this legislation in the other place. I hope they do because they know what is good for the people of South Australia—at least, I hope they know what is good for the people of South Australia.

It has been widely reported that councils have been caught wasting ratepayer money on golf memberships, luxury cars, Apple Watches and, in some cases, unnecessary international travel. We have some mayors in some councils who think it is appropriate to spend money outside what the community feels is appropriate. I reiterate the point that I hope that, by bringing in a rate capping regime, this will start a conversation about what is appropriate.

Obviously there has been some opposition to rate capping and, in particular, most recently from the LGA in the lead-up to the state election, where they took a pretty dogmatic approach to where we were looking to go. I think sanity has prevailed. I commend some mayors who have been supportive of rate capping legislation. They know that well-managed councils with good CEOs are important. The vast majority of CEOs are very diligent, and I look at my own council, where the CEO is very diligent and has good business acumen. The Mayor of the City of Mitcham has been on the record supporting rate capping because there is nothing to fear in the City of Mitcham. It is a well-run council, so there are no dramas. It is only going to be those councils, those elected members and some of those overzealous CEOs and staff who think council is some little pet project for them, who will have something to fear with this proposed legislation.

We have to look at what is happening around the country as well. New South Wales has had a rate capping regime for many years, and their councils are still there and pretty active. In more recent times Victoria has looked at bringing in rate capping as well. We took this key piece of legislation to the last election and said that we would introduce it within the first 100 days. Of course, the minister introduced this legislation to the house within our first 100 days. It is about getting more value for money for the taxpayer.

The Hon. A. Piccolo interjecting:

Mr DULUK: Once again, the member for Light interjects. I just want the member for Light, as the shadow minister, to come up with a position for the Labor Party. He is going to have plenty of time in the committee stage that is coming up to indicate whether the Labor Party support this clause or that clause.

The Hon. V.A. Chapman: Have they reached an agreement?

Mr DULUK: I do not know if they have, Deputy Premier. One can only assume that maybe they will over the course of the afternoon. There is plenty of opportunity during the committee stage for the shadow minister to call a division if he does not agree with certain aspects of the legislation. It will be really intriguing if we go through the whole committee stage without a single division or a single amendment being moved in the chamber while we are debating this piece of legislation. All of a sudden, we are going to have a completely different regime in the upper house. I think that says spades about where the Labor Party are at the moment and where they are in opposition—and long may they stay there.

Matter of Privilege

AUSTRALIAN CRANIOFACIAL UNIT

Mr KOUTSANTONIS (West Torrens) (16:44): Sir, I rise on a matter of privilege.

The DEPUTY SPEAKER: A matter of privilege. Member for West Torrens, you have the call.

Mr KOUTSANTONIS: Thank you, sir. Today, the Minister for Energy informed the house in response to a question from the member for Kurna that the parliament, including the opposition, had been informed that the Minister for Health had commissioned an independent review into the Craniofacial Unit. The member for Kurna asked:

My question is to the Premier. Why did the Premier give Professor David David assurances that these issues at the Craniofacial Unit would be addressed, including the removal of an oral surgeon, and in two weeks no action has been taken?

The Minister for Energy responded:

This house will remember that the Premier answered several questions about the Australian craniofacial foundation...two or three weeks ago in the parliament.

He went through the entire...list of issues. He answered every single question, but one of the most important things that clearly the opposition has forgotten is that we were going to undertake an independent review. I don't know why the opposition would pretend that that didn't happen as if it's completely irrelevant. The government has undertaken...an independent review into the Australian craniofacial foundation. Dr David David, an esteemed Australian and South Australian, is well aware of it. He has had every opportunity to contribute to that review...as have the people who still work at the Australian craniofacial foundation.

I can find no record in *Hansard*, the government's media releases or the government's public statements regarding the commissioning of an independent review into the Craniofacial Unit as described by the Minister for Energy today. Secondly, the minister informed the parliament in the same response that Professor David David was well aware of the government's independent review and had had every opportunity to contribute to that review. In response to further questioning, the Minister for Energy reiterated to the house that he believed Professor David David had had the opportunity to contribute to that review. The question from the member for Kaurana:

My question is again to the minister representing the Minister for Health.

That is, the Minister for Energy.

Does the minister stand by his remarks earlier today that David David, South Australian of the Year, had every opportunity to contribute to the independent review into the Craniofacial Unit?

The Minister for Energy responded:

Interestingly, in the spirit of openness and transparency and trying to share as openly and responsibly with this parliament as possible, when I was asked that question last time I said, 'Look, I don't know, but I'm sure he had the opportunity. I don't know if he did...what we are and are not allowed to say. Let's get back to the answer to the question.

Previously, I said that Dr David David had every opportunity to contribute to the independent review and that I didn't know whether he had actually done that or whether he had spoken to the health minister. But, as I was saying, in the spirit of transparency...I have sought and received some information since then. Here we have an example where, for once, it's beneficial to the shadow minister to ask the same question over and over again. So on this occasion I can tell the shadow minister and the parliament that the Minister for Health met with Dr David David on 9 July face to face and they have spoken on the phone since. So, to the substance of the question...

I could be wrong—

right—

but I assume they weren't talking about the footy tips, I assume they weren't talking about their favourite country bakery and I assume they weren't talking about Dr Harry the diver, the famous, fantastic South Australian.

He goes on to say:

I assume that if Dr David David, the champion of the Australian craniofacial foundation, and the Hon. Stephen Wade in the other place, the Minister for Health, spoke to each other face to face and on the phone during the time that this independent review into the Australian craniofacial foundation was being undertaken, they would have been talking about that. I don't know that for sure, but I think [it is].

The Minister for Energy went on to say—

The Hon. V.A. CHAPMAN: Point of order: the purpose of seeking a privilege is on the basis that certain information is provided to the parliament, allegedly, and it is inconsistent with something else. To have a complete transcription of the entire question time is not the basis upon which a privilege is presented.

Those inconsistencies need to be identified and highlighted, and then of course it is for you, sir, to give consideration to whether there was inconsistency. Indeed, it was material, etc. so of course you understand the obligations there, but this is not a time to repeat all of question time. Let's

just hear what has been alleged, and then what alleged inconsistency there is, upon which you, sir, may give consideration to a privileges hearing.

The DEPUTY SPEAKER: Thank you, Attorney. I ask the member for West Torrens to continue with his contribution.

Mr KOUTSANTONIS: Thank you, sir. The Minister for Energy said:

...it wasn't footy tips, it wasn't bakeries: it was the Australian craniofacial foundation that they would have been talking about.

The opposition has been advised that the independent review was commissioned after that conversation. The member for Kaurna then asked a further question to the Minister for Energy in his capacity representing the Minister for Health.

Supplementary to the minister again: why has Professor David David told the opposition in the last 20 minutes that he was not aware of an independent review and had no opportunity to contribute to such an independent review?

The Minister for Energy answers:

The straightforward reality is I don't know why Dr David David told the opposition something in his situation, but what I said is that he has had every opportunity to contribute to the review...

He would have had every opportunity to contribute to the review, and now I have also shared with the house the fact that he has spoken and met with the Minister for Health. For the shadow minister, I don't know why he would have said what he said to you. But do you know what? Do you know what you could do? Instead of coming to parliament to ask that question, why don't you ask him? Why don't you ask him...

And he goes on to talk about the source. In his final question, the member for Kaurna asked the Minister for Energy in his capacity representing the Minister for Health:

My question is again to the minister representing the Minister for Health. Why did the minister tell the house today that David David was well aware of the review, and on what basis did he give that advice to the house?

The response from the Minister for Energy, representing the Minister for Health was, and I quote:

I gave that advice to the house because I believe it to be true. I find it extraordinary to think that Dr David David—an extraordinarily highly respected South Australian and Australian—would not have been aware of the fact that the Australian craniofacial foundation had changes proposed to it, from those inside it and those outside it, and that people in government and in other places would not be considering the best way to change, or keep the same...

I find it amazing that a man so well connected, so well educated and so integrally part of the fabric of the Australian craniofacial foundation would not have known about that review. That's why I made the comment I made.

The Minister for Energy's statements to the house are inconsistent with the public statements of Professor David David. Only one can be accurate. To the best of my knowledge, there is no public record of the government announcing an independent review into the Craniofacial Unit to the House of Assembly. Professor David David is currently the South Australian of the Year. His reputation and his honesty are without equal. Professor David said he had no recollection of being informed of an independent inquiry being commissioned by the government and had at no time been given an opportunity to contribute to that review or to inform it.

Professor David has contacted the opposition, in particular, the shadow minister for health (member for Kaurna) and informed him that at no stage had the government informed him or offered him an opportunity to contribute to an informed independent review of the Craniofacial Unit. I believe the minister has deliberately and intentionally misled the House of Assembly on two occasions, and impugned the reputation of a great South Australian of impeccable qualifications and reputation, and that a prima facie case exists for the establishment of a privileges committee. I ask that you give consideration of my matter of privilege and rule if a motion to establish a privileges committee should be given precedence over other business in the House of Assembly.

The DEPUTY SPEAKER: Member for West Torrens, if you have any further information you would like to provide to the Chair—

The Hon. V.A. Chapman interjecting:

The DEPUTY SPEAKER: —order!—I ask you to do that. Given that it is a matter for privilege, I will ask the Speaker to consider this. In due course, he will come back to the house and

give his determination on whether there is a prima facie case to proceed on this or not. The Speaker will determine that. Now, we are back to debate. Member for Frome.

Bills

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.

The Hon. V.A. CHAPMAN (Bragg—Deputy Premier, Attorney-General) (17:01): I rise to speak on the Local Government (Rate Oversight) Amendment Bill 2018. In doing so, I would first like to acknowledge the provision in the Constitution Act 1934 and in particular section 64A, which was inserted in 1980. It was designed to provide a constitutional guarantee for the continuance of local government in this state.

In particular, it provides that there shall be a system of local government in our state, of which the powers are set out by the parliament as considered necessary. Secondly, the manner in which the local governing bodies are to be constituted, and their powers, functions, duties and responsibilities, shall be determined by this parliament. Thirdly, no bill, in respect of applications before this parliament, essentially can act to cease a system of local government in the provisions of the aforementioned subsections (1) and (2), unless it is passed by an absolute majority of members of each house of parliament.

Local government exists essentially within the parameters of what this parliament determines it is to do. Essentially, that is outlined in two significant pieces of legislation: the Local Government Act 1999 and the Local Government Act 1934. Why do I mention this? I think it is important for us to remember that having an oversight principle added to the legislation is consistent with what this government had committed to do in the lead-up to the election if we were successful—that it is

something we would do. Its purpose was to ensure that there was some management of what had clearly been identified as unacceptable expenditure on behalf of some councils in South Australia and, most importantly, to provide financial relief and certainty to those in the community who pay the rates.

In that respect, can I say that, yes, I am a ratepayer. I confirm that I am a ratepayer in three councils in South Australia: the City of Adelaide, Kangaroo Island Council and City of Burnside Council. As you might expect, all of these are varied and reflect the diversity of councils we have across the state. I hear other speakers contributing to this debate and being somewhat critical from time to time of some councils members and, in particular, their reasons for being there.

I am sure there are examples of that, but on the whole in my experience, even though I have never been a member of the council board or aspired to be, I have very high regard for those in the community who put themselves forward in pretty much a voluntary capacity to provide leadership within the terms we have identified here in the parliament. I commend them for doing that work.

In the time I have been here in the parliament I have been deeply disappointed in having been asked to amend the local government legislation from time to time, and in having sought advice and indications of the work and views of councils via the Local Government Association, which is essentially the union for councils. They have been challenged from time to time because sometimes their published view was consistent perhaps with some of their large metropolitan councils but not consistent with smaller regional councils, and there has been much debate over that time as to whether in fact they are an effective body in being able to provide a unified view that is for the benefit of their membership, diverse as it is.

All that said, this side of the house gave a commitment to provide this oversight provision, and that is exactly what we intend to do by pursuing this legislation. I also want to point out that in the Local Government Act 1999 the functions of the council include many things, and the principles to be observed by a council are detailed. They are a bit like the Ten Commandments, I can tell you. The last two paragraphs in section 8 are:

- (j) achieve and maintain standards of good public administration;
- (k) ensure the sustainability of the council's long-term financial performance and position.

The question of good public administration has been repeatedly brought into question in respect of examples. I do not vote for my local council in expectation that they are going to provide the CEO with a golf course membership. I vote for my local councillors on the basis that they will administer their area of responsibility, as per the principal role, functions and principles outlined in the act and that they ought to be complying with them. When they have not done so, as a parliament we have not only a responsibility but an obligation to provide for some variation to those rules. That is, as I say, exactly what we are doing.

I will refer to one of the issues that has been raised with me during the course of this debate. I am perfectly satisfied not only that this measure is necessary but that the formula that has been presented is achievable and is a sensible way to deal with the issue. It does have the supervision of ESCOSA. Members should read the legislation carefully, and of course members may have some questions of our minister in relation to the particular workings of it, by all means. It is important that if, for example, the member for Light is a bit clueless as to how it is going to work, of course his opportunity is to ask some questions during the committee to make sure he is fully apprised and fully understands how it is going to work.

My issue, which I bring to the parliament and which has been reported to me is: how do we ensure, even with rate oversight legislation, that councils will not subvert this process, if they wish to, by borrowing significant amounts of money—that is, they will not use debt financing to essentially avoid this? They could, by borrowing a significant amount of money, for a period of years have some servicing arrangements which are still achievable within their annual budget but which would enable them to explode into the debt financing of significant projects or pursuits that they want to follow.

Obviously, the answer to that is that ultimately they would be caught up because they would still have to service these debts, but a lot of damage could be done in the meantime. A council could obtain millions of dollars worth of debt, secured on the assets within its region, and then not be able

to avoid some capping in relation to it. We have to consider whether they might attempt to do that. If they do, I remind them that there are obligations under the act already with respect to their financing and the representation they have in respect of their obligation. I am just going to go to the objects of the act again, and section 3(f) provides:

- (f) to encourage local government to provide appropriate services and facilities to meet the present and future needs of local communities—

and of course then areas in relation to a sustainable manner in their operations and the like.

I suggest to the parliament that there is already a framework of legislation which would fundamentally be breached if a council were attempting to borrow significant moneys to support some profligate spending that was unacceptable in the objects and pursuit of supported services to its community, and that is a matter which, of course, then may attract the attention of the minister and certainly this parliament. I am sure that the ratepayers in those circumstances would be outraged, and they would have every right to come to us and seek support for even further reform.

In any event, this is a modest means by which the identified, I think, breach of trust of some councils in respect of some of their expenditure will be brought to attention and arrested and which would be a helpful and protective measure against inappropriate spending by councils to the detriment of their taxpayers. I commend the bill.

Mr MURRAY (Davenport) (17:11): I rise to support the Local Government (Rate Oversight) Amendment Bill. Of course, its passing will represent the delivery of an election commitment by the government. It is a measure by which we will deliver not only accountability to the sector but also more importantly in many respects savings to the long-suffering ratepayers of South Australia.

In the last 10 years, as other speakers have pointed out, rates have increased at roughly three times the level of inflation. That is, general rates have increased by three times the level of inflation and over double the level of the equivalent local government price index (LGPI), with a 67 per cent rate increase compared with an increase in the cost of living suffered, if you will, by the councils of some 31 per cent. So councils have had their own cost pressures of some 31 per cent in the last decade and they have in turn passed on a 67 per cent rate increase to their constituents.

I am the only member on this side of the house who resides in and who has a vast majority of my seat in the much-maligned and quite infamous council of Onkaparinga. As others have pointed out, Onkaparinga has had a 74 per cent rise in rates in the last decade. I have been a resident in the area in the same home for in excess of 25 years. What I do not propose to do is list or relist all the egregious expenditure, abuse of expenditure etc., for the council of Onkaparinga.

What I can do, which I suspect no others certainly on this side of the house can do, is attest to the fact that the services provided in the last decade have not increased by the comparable amount, that is, the 74 per cent. I can see the rise in rates, certainly on my own property, on my own home, and there has not been anywhere near a comparable or, in fact, discernible change in service levels in this area.

Speaking on my own behalf and on behalf of the roughly 80 per cent of the people in the seat of Davenport who call the council area of Onkaparinga home, most of us deeply lament the passing of the Happy Valley council in 1997 when it was merged with the Noarlunga council to create Onkaparinga. The relevance in this context, as it has been put to me, is that the Davenport part of the council of Onkaparinga—which totals about 178,000 people at this stage—is used as pretty much an ATM for the southern parts of Onkaparinga. That is a very, very strongly held view.

Furthermore, the reality is that collectively we have no real means to step in to try to engender some further measures of accountability in particular and, as I said earlier, to try to reel in what has largely been unaccountable expenditure. This bill was not just an election issue for me, but it was the number one election issue in the seat of Davenport. As I said, 80 per cent of the electors in Davenport are residents in Onkaparinga and nothing united them as much as this single issue. The bill has massive community support in my electorate and, as I said, I wholeheartedly concur with the support.

I make the point to those opposite in the Labor Party that in supporting this bill they would be enabling mums and dads, ordinary households, people in suburbia—many of whom they have in

their own seats—to have some means of controlling their cost of living. I urge members to assist their constituents, the mums and dads. This is a measure designed to enable them to have some control over the costs imposed on them, in this case by local government. I urge your support for the bill both in this place and the other. Quite frankly, if we look at the last decade, what has occurred in terms of the increase in rate prices is indefensible.

In moving to close my argument, I make the point that rate capping is in my view entirely the wrong way to look at this; it is the wrong word to use. What we are talking about is not capping rates. We are limiting the increase in rates to some notion of the rate of inflation. Rates can still increase and remain real so far as their value is concerned. Of course, councils have the discretion to apply for increases over and above the CPI growth should they, for example, have projects for which they have the support of the community, be it new sporting facilities or the like. We have heard some discussion about the methodology behind ensuring, particularly in councils with high growth, that they are not unduly disadvantaged as well.

As I said, I urge Labor to support this move, but I close by daring Labor to not support it. I would be very happy to go around my community in 2022 and to say that the Labor Party prevented my community from enjoying the relief that this bill brings given that 80 per cent of them are residents of Onkaparinga, as I said. I urge you to support the bill, but from my own personal perspective I dare you—

Mr Brown: I'm confused.

Mr MURRAY: You are confused? It is pretty simple. You can do the right thing by the people of South Australia. If you do not want to do that, I dare you not to support the bill.

Mr Brown: Do you want support or not?

Mr MURRAY: That is up to you. Those opposite are going to be accountable to their communities. If they do not support the bill, I will relish the opportunity to speak to my community about their lack of support if in fact they choose not to listen to my constituents and, indeed, their own. I commend the bill to the house.

The Hon. S.K. KNOLL (Schubert—Minister for Transport, Infrastructure and Local Government, Minister for Planning) (17:19): I rise to thank everybody for their contributions on this bill and note the contributions were mainly from my own side, as it turns out. The opposition has not necessarily found its voice. Just to address a couple of the remarks made by the member for Light in his contribution, which was quite incendiary, I think that some people are quite frustrated by the fact that I look quite young and struggle to grow a beard. To those people, I say this: I have been elected by the people of Schubert twice; they certainly did not think I was too young. Having said that, I think that the insinuation in here is a bit cheeky, but that is fine. I think we will all move on.

The member for Light, in his contribution, tried to suggest that I was being a little bit—how do I put this delicately—pushy when it comes to trying to get this legislation through, and in my view of how local government operates. I agree that there is a line here that needs to be walked; that is, to encourage the local government sector on a path of reform. However, to do so means that we have to highlight some of the faults and failures of local government, and I think it is right and fair that we highlight those.

Chief amongst those, and what we have used as the basis for the reason that we need this rate capping legislation in the first place, is that we have seen on average 6 per cent increases over the past decade. That is as strong an indication as we need that there needs to be change, and this legislation will address that. That is not to say that the local government sector broadly, and every council for all time and all history, has only ever done bad things. That is not what I have said at all, and I think to construe my comments that way is disingenuous. It is however to say that there is a clear case and a clear need for reform.

Simply going back to a ratepayer base to ask for increases at roughly three times the rate of inflation year on year for the past decade is not okay, and we need to look at another way. We need to be fair, and we need to be open and honest about that, and that is what we have done. That is the basis on which we are seeking reform. The other side of the equation is that we also need to be willing partners in reform with the local government sector.

In the speech that I gave at their special meeting a couple of weeks ago, that is exactly the message that I wanted to send: yes, we do believe that the local government sector needs to do better. Yes, we believe that rate capping is a way to address the exuberant increases that have existed. But, we are also willing partners in reform when it comes to helping the local government sector to be more effective and efficient and, I might add, deal with a lot of the good ideas that the local government sector has brought to the new government. There is a strong will and desire in the local government sector for reform, and they have a willing and able partner in the state government.

We have said that we are seeking to implement the best rate capping scheme in the country, and I stand by that statement. The other major concern that the member for Light rightly raises is the claim that we make, and stand by, that this legislation incentivises growth. It incentivises growth mainly, and quite explicitly in the bill, in relation to the growth in the number of rateable properties. We have a hard revenue cap, like that which exists in New South Wales, that just caps revenue. It is very simple: there is your revenue in one year; this is what you can put it up by with no allowance for anything else.

In putting together a model that allows for annualised general rate revenue, we provide a mechanism whereby year-on-year growth of councils can be included. We are explicit in relation to the number of rateable properties, but ESCOSA has the complete power to be able to have regard to other factors. In relation to improved capital growth, to the extent that that is a calculation that can be included as part of the annualised general rate revenue—part of, essentially, the allowance for growth—that is something that can be included on advice from ESCOSA.

The Hon. A. Piccolo: Can.

The Hon. S.K. KNOLL: That's right.

The Hon. A. Piccolo: Not shall.

The Hon. S.K. KNOLL: They are two different words, member for Light, and you are right. I think, necessarily, legislation is quite broad and it is quite enabling, but we have allowed for and provided mechanisms in this bill that allow for growth. I am very open to having discussions about trying to make sure that that is as explicit as it needs to be, but certainly part of this bill very much incentivises growth, explicitly in relation to the number of rateable properties but certainly implicitly in relation to improved capital value. If there are other ways in which the councils believe that we need to take account of growth, then they are matters that we are definitely willing to have regard to.

In relation to consultation, we have been open and transparent the entire way along this process. The two competing priorities that we had to deal with were, firstly, getting a piece of legislation in this parliament within 100 days. That is a commitment that we took to the election and it is a commitment that we delivered on. The second priority was our commitment to work with the local government sector to give them as much input into this system as possible.

In an ideal world, we would have had more time to put a draft bill out there and allow time for consultation on that draft bill before it comes to parliament, but, having introduced this bill to parliament only days before having provided a copy of that bill to councils does not mean that we have not been able to consult or that there are not any further opportunities for local government to have their say on the bill. In fact, it is quite the opposite. Since the bill has been tabled and since the cabinet signed off on the draft legislation, the Office of Local Government and I have met with various CEOs, mayors and councillors from across the state.

I have written to every single council in relation to this and invited feedback. We have made ourselves available to crossbench members, opposition members and anybody who has wanted to talk about this, and we have sought and looked for feedback. Most of the feedback relates to a level of uncertainty around how this will work in practice. It is self evident that we have broad enabling legislation, that we have specific regulation and that firms up the finite detail. What we have sought to do is not wait for the passage of this legislation, or in fact the finalisation of the drafting of this legislation, before we engaged ESCOSA to start work on the regulations.

ESCOSA are running a process that is happening concurrently with the passage of this legislation. The imprimatur that we have given to ESCOSA is as much information as they are able to provide and as early as they are able to provide it. We want that to help to inform the debate,

knowing that it is the fear of the unknown that is probably a lot worse than the actuality. A lot of the concerns that the local government sector has are in relation to the red tape burden, to how growth is accounted for and to the timing of the variation process. All those matters are very much in hand, and ESCOSA is going about their work diligently and quickly, but we can deal with those issues and deal with those fears.

I know, quite self-evidently, that it would be easier if we had the regulations on the table, but we are a new government and we have worked extremely quickly to get as much information out there as we possibly can, and we have not been able to have a draft set of regs at this time. That said, the legislative process is long and winding.

Whilst we are seeking passage through this house tonight, there are still opportunities for us to give more information to opposition and crossbench members and to the local government sector to make sure that they can take comfort from the fact that this scheme is not the scary bogeyman that some claim it is, that it is the right balance between creating the impetus for change within councils and giving assurances that the state government is here to help councils meet that challenge so that we can get to a more efficient and effective local government sector.

I would like to thank all the members for their contribution to this debate. I would like to thank in particular the shadow minister, the member for Light, for his contribution to this debate. In saying so, we note that the opposition has reserved its position in relation to this bill. I will say again what I said when I briefed the shadow minister, what I said to the television stations today and what I will continue to say: we are here, willing and able to look at ways to make this work. We have sought to be as open and transparent on this as is absolutely possible.

Some of the concerns the member for Light brought in relation to compliance mechanisms in this bill can be addressed and have been addressed, especially in relation to section 273 and providing the ability for myself to be able to step in as the minister in those very extreme circumstances. But in relation to compliance broadly, when we look at the New South Wales and Victorian examples, the experience is that councils engage with the rate capping process honestly and properly. There is no need for a comprehensive, big stick, everywhere along the process approach.

ESCOSA has a number of mechanisms to make sure that councils comply with this but, that said, the final enforcement mechanism will happen by way of an amendment to section 273 that allows, in the most extreme of examples, the minister for local government of the day to be able to step in. But we believe that is almost a reserve power, something we do not expect to need, and therefore we do not need to have a comprehensive penalty regime in place. We are essentially working with the best endeavours of the local government sector, working together with ESCOSA and the state government, to get to a future where rate increases will be lower than they are today.

I look forward to the passage of this legislation through this house. I look forward to continuing to talk to all members of the parliament and the local government sector in relation to this. I look forward to our continuing to be out there selling the message to anyone who will listen that we are committed to this reform and that there is a need for this reform. We know that, for any idea like this, there are going to be detractors. The reform is difficult, it is hard, it is not always perfect and it is not always unanimously endorsed.

This piece of legislation would be endorsed by the vast majority of South Australians. I accept that there are those who do not support it, and I accept that there are those in the local government sector who do not like the concept. That said, hard-fought reform such as this will always have detractors. We need to listen to those detractors to make sure that we get towards the truth and the best bill we can possibly get to but not allow that to stop the need to deliver the reform in the first place.

With that, I look forward to continuing this conversation. I look forward to continuing this fight so that we can deliver relief for ratepayers right across South Australia and help reduce the cost base of the local government sector going forward, so that this can be the impetus for a broader series of reforms to come where we help in the same vein, looking towards the same goal and that we can deliver a lower taxation future, which is the hallmark of this Marshall Liberal government and which we would love to be the hallmark of the local government sector going forward.

Bill read a second time.

Committee Stage

In committee.

Clause 1 passed.

Clause 2.

The Hon. A. PICCOLO: In response to a question from the member for Davenport in this chamber, the minister stated that this bill would save ratepayers millions of dollars over coming years. What modelling has the minister undertaken and what assumptions has he made to reach that conclusion?

The Hon. S.K. KNOLL: The phrase could have been 'millions of dollars a year', or it could have been 'tens of millions of dollars a year', which I think is the phrase I have used a number of times. The broadness and vagueness of that figure would suggest that there is a lot of scope and leeway. To put the maths in very simple perspective, at the moment the local government sector raises about \$1.5 billion a year in rates, and 1 per cent of that is \$15 million a year. So if rate capping were to reduce the growth trajectory and, say, at the moment it is 6 per cent down to 5 per cent, that would mean \$15 million a year saved. That is in one year, and then obviously there is a compound effect of that.

The reason that we are at this stage quite broad and necessarily vague about the modelling is that there is still the work that ESCOSA needs to do with the regulations to further refine and define what this is going to look like. Given that ESCOSA needs to have regard to a broad range of factors, it is impossible at this stage to say what the rate cap would be, and therefore any modelling would be hypothetical in its approach. That said, quite axiomatically, the fact that \$1½ billion a year is collected in rate revenue, saving tens of millions of dollars a year would be quite a simple conclusion that one could make.

The Hon. A. PICCOLO: So the answer to the question is, no, you have not done any modelling then?

The Hon. S.K. KNOLL: The department and I have been working on looking at a number of scenarios and what that might look like but, again, I think it is a very early stage to be talking about this. Again, any modelling that we would have would presuppose the decisions that ESCOSA would make. Having said that, I think there are very simple calculations that anybody could do that would give a flavour of what this could do.

The Hon. A. PICCOLO: Given the minister's response, are the minister's comments that he made publicly about rates rising, in his view (and I say 'his view' because they are not views that I am necessarily endorsing), by about 67 per cent over the last 10 years—I think they are the comments you have made—if you were to, say, take the last five years rather than 10 years, because stats are useful to perform whatever argument you want to create, how does that change your answer regarding how many millions of dollars would be saved if we took the average rate increases over the last five years rather than 10 years?

The Hon. S.K. KNOLL: The member is asking for a very specific mathematical calculation that I am not quite going to be able to do on my feet here. That said, if the member is asking whether it is likely that in the period of five to 10 years ago rate increases were a lot larger and that in the last five years they have been smaller, I can come back to him with an answer on that. That said, the average over the last 10 years has been 6 per cent, and there are certainly years when it is higher than that and years when it is lower than that, but I am more than happy to come back to him with some more information on that.

The Hon. A. PICCOLO: The word 'average' for mathematicians is quite a meaningless term, and given that in local government we have two distinct communities—a rural community and a metropolitan based community—is your 6 per cent based on rural or metropolitan, and what would your answer be if, rather than have your average, you have your median rate increase?

The Hon. S.K. KNOLL: So the question is: is the average across all of South Australia? Yes.

The Hon. A. PICCOLO: No, you have already told me that. I am disputing that. What I am saying is: what is the relevance of the average, given that you have two different communities? What was the median, rather than the average?

The Hon. S.K. KNOLL: I will come back on that specific answer. When state government produces legislation, we produce it for the whole of South Australia. That means that we have to look at the whole of South Australia and the impact that this legislation would have on the whole of South Australia. It is why we included every single council in this—regional and city.

Again, I think I am inferring from your question, member for Light, that there are different groupings of council, and I would dispute that city and metro is the only way to divide up the local council pie. There are those who would be impacted, for instance, by having a higher propensity of social housing, which has specific issues. There would be some who have to operate their own CWMS schemes versus others who do not. There are different levels of service provision across different councils, so each council is going to have its own specific set of circumstances.

When ESCOSA does its work, it is going to have a bias towards a single cap, that is, an instrument that is going to work for many councils. It may not work for a number of them but, in making this work, we have made sure that the variation process is as simple and as low red tape as possible. That is the clear direction we have given to ESCOSA. The clear feedback they have given to us is that that is the way they would like it to happen.

Essentially, we are not going to presume what each of the 68 councils across South Australia is and is not in a financial position to do. We are going to be giving them the opportunity through the variation process to tell ESCOSA whether they believe that the rate cap does not work for them. Instead of ESCOSA trying to presume what individual councils or a group of councils may choose to do, we essentially provide that opportunity through the variation process. As long as we get that process right, that it is as simple and as straightforward and as mirroring to the budget setting annual process that currently it undertakes, that is probably the easiest and most honest way to go about it.

The Hon. A. PICCOLO: A supplementary, if I could?

The CHAIR: You are stretching it, member for Light. Supplementary.

The Hon. A. PICCOLO: It is actually based on the answer the minister has just provided. The minister has just advised the committee the direction he has given to ESCOSA about a preference for a single cap. That is certainly what I heard him say. I was just wondering under which act he gave that direction, given that the act has not passed yet.

The Hon. S.K. KNOLL: I think I said before that ESCOSA is developing the regulations concurrently with the bill process. In the discussions that I have had with ESCOSA, we have expressed a preference and they have expressed a preference for a bias towards a single cap. This legislation is enabling. It enables ESCOSA to be able to—

The Hon. A. Piccolo interjecting:

The Hon. S.K. KNOLL: Direction can take many forms, member for Light, and sometimes we do not need to use the big stick. We can just have an adult and mature conversation and come to an agreement. Both ESCOSA and ourselves came to the same view and that is that we have a bias towards a single cap because it does not presuppose decision-making that councils should undertake. We also have a strong bias towards a simple low red-tape process.

Clause passed.

The CHAIR: Before we go to the next clause, I remind the opposition that it is general practice to have three questions from each member on each clause. I was very generous during the first round of questioning, member for Light.

The Hon. A. Piccolo interjecting:

The CHAIR: Indeed, but it may not continue. You can always get support from your colleagues.

Clause 3 passed.

Clause 4.

The Hon. A. PICCOLO: Will the proposed rate capping legislation lead to a reduction in the rates for ratepayers?

The Hon. S.K. KNOLL: Okay. It is—

The Hon. A. Piccolo: It is quite a simple question.

The Hon. S.K. KNOLL: No, it is not. There is a difference between total rate revenue, rates for ratepayers and a rate in the dollar. What a rate cap will do is curb the increase in rate revenue for councils going forward. What that will mean for individual ratepayers is that, over time, they will see smaller increases than they would normally see. This is based on the fact that we have seen this 6 per cent average over the last decade.

The Hon. A. PICCOLO: I will call it a supplementary because the minister did not quite answer the question I asked. The question is, to use your own terminology, will the average ratepayer see a rate reduction in their rate notice?

The Hon. S.K. KNOLL: Again, we can talk about averages in relation to total council increases. The difficulty in trying to understand what an average ratepayer is is that there are a number of factors that go into that: rate in the dollar, capital value and councils' differential rate setting. All those things go together towards somebody's rates notice.

When we talk about this piece of legislation, and I think we have said this quite clearly, we do not expect—well, quite logically, councils total rate revenue will continue to increase. It will only increase at a lower rate than it does now in some circumstances. Certainly, there would be those who would be increasing their rates below the cap and who would otherwise not be at all affected by this policy.

There may be some individuals in some circumstances, depending on the combination of factors that I have just identified, who may see a reduction in their rates notice. That may not necessarily be because of rate capping. It may be because of one of the other factors, such as a reduction in capital value, a reduction in a rate in the dollar or a reduction in the variable rate setting by individual councils, depending on what type of property they have.

That is a matter for councils. This legislation is much simpler than that, in that it seeks not to meddle in those affairs. It seeks to set a cap. How individual councils then choose to apply that cap to individual ratepayers is a matter for councils.

The Hon. A. PICCOLO: In a contribution to the chamber earlier today—and I will quote because it is important to lay the basis for this question—the member for King said:

Last year, I attended a community forum at One Tree Hill, which approximately 400 residents attended to discuss their concerns over a proposed rate increase. This had followed a meeting, I believe, at Angle Vale, which over 500 residents attended with the same concerns about rising council rates. The outcome of these community meetings was a collaboration of residents who voted against, and spoke against, what so many residents believed was an unjustified hike in council rates.

My understanding is that this quote relates to a proposal by the City of Playford to change their council rating system. My question is: how does this rate capping stop that?

The Hon. S.K. KNOLL: Prima facie, it does not. What it does do is provide impetus to councils—

The Hon. A. Piccolo: But the member for King said it does.

The Hon. S.K. KNOLL: It does in a roundabout way.

The Hon. A. Piccolo: No, it doesn't.

The CHAIR: Member for Light, you have asked your question; the minister is answering.

The Hon. S.K. KNOLL: What it does do is where Playford council seeks to change their differential rating system to jack up rates on one subset of properties within their council area, and where a rate cap is set that is lower than what they otherwise would have sought to recover, to the extent that that then pushes back on the changes that they make in their differential rate setting—

and I would like and hope that that would be spread out across the various differential rate categories—that would apply downward pressure on the level of increase that the individual council would seek to achieve.

The CHAIR: Last question on clause 4.

The Hon. A. PICCOLO: So are you saying I have four more?

The CHAIR: No, it is your last question on clause 4. You have plenty of colleagues around you. As I said, the usual practice is three questions on each clause from a member.

The Hon. A. PICCOLO: Thank you for your patience and forbearance.

The CHAIR: It is not going to last, member for Light.

The Hon. A. PICCOLO: Don't be like that. We had such a great start.

The CHAIR: Ask the question.

The Hon. A. PICCOLO: Right. The question is: given the answer the minister has given and given the comments made by the member for King in this place today, which the minister has now indicated perhaps were not quite 100 per cent accurate, is there anything in this legislation under which the minister would give ESCOSA a direction to, or could ESCOSA by its own volition, take into consideration a proposed change in rating policy of the council? In other words, would the minister direct ESCOSA to have consideration for, or would ESCOSA under its own volition consider, where councils cannot change their rating policy vis-a-vis differentials?

The Hon. S.K. KNOLL: There is power for the minister of the day to ask ESCOSA to look at and have regard to a number of things. We do, and we have been very keen as part of this legislation to, give ESCOSA a high degree of independence—one could read that as a low level of political interference. The minister can ask us ESCOSA to look at and have regard to certain things but, as has happened since councils were formed, councils have had the ability to set their own differential rating systems, and that will continue going forward.

That is not something that this legislation seeks to interfere with. If we did, it would start to create a level of regulatory burden the likes of which councils are seeking that we not impose upon them. What they want is a simple, light-touch system. What we have sought in this legislation, and what we will be making sure comes about through the regulations, is a simple, light-touch system.

It is more than just the differential rating system. Essentially, all the cap does is provide an upper limit for councils in terms of how much rate revenue they can collect. Every other decision that councils make beyond that, as they do now as part of their budget setting process, will continue. The overall drive of this legislation is to provide an impetus for lower increases. That impetus will still be there, but we are not seeking to supplant the individual decision-making processes of councils.

Mr KOUTSANTONIS: On clause 4, can the minister explain why rate capping has not taken into consideration the evolution of differential rate applications by individual councils and if the government considered that as part of the process while they were formulating this bill?

The Hon. S.K. KNOLL: I think the member for West Torrens is suggesting that we should abolish the differential rate system. That is certainly not something that we have considered, it is not something that the bill contemplates, and to suggest that somehow we should be just saying that all rates should be equal across South Australia, which would be what would happen if we abolished the differential rating system, would punish every farmer across the state. That is not something we would seek to be doing.

Quite rightly, I think there is a different level of service provision that is provided to different types of properties that would have sparked the differential rating system in the first place. This government does not want to get involved in that process. We want to provide a broad impetus for lower increases to the extent that that influences councils in the way that they set their differential rates. That is the broad signal we want to send, but councils need to look after, and quite rightly should look after, their own differential rate setting outside that.

Ms COOK: In respect of clause 4, what does the minister consider to be an appropriate contribution by ratepayers to provide these appropriate services and programs to the community?

The Hon. S.K. KNOLL: What this clause seeks to do is to update the objects of the act to include a new clause 'to provide for appropriate financial contributions by ratepayers to those services and facilities'. It is quite broad, but what it is seeking to say is that services are not provided for free. Ratepayers pay for them, and the objects of the act should have regard to the financial contributions made by ratepayers. Essentially, there is always a balance between how much money a council collects and how much service they provide. Implicit in that is the fact that if you can provide the service more efficiently, you do not need as much as the revenue provides.

It speaks to a broader question about the role of government in any sphere; that is, how much money should a sphere of government take from its constituent body? How that has regard to the services it provides is entirely consistent and important, and probably a factor in this debate that needs to be talked about. In fact, a lot of arguments put forth by individual councils have been that people want these services provided.

I accept that, where they provide a basis for the consultation that underpins their making those observations, that is fair, but I think it is also fair to say that we on this side of the house prefer lower taxes. So what we are seeking to do is to make sure that we have regard to the revenue side of the equation as much as the cost side of the equation and that we put an object in this act that allows us and essentially provides the appropriate impetus for us to have regard to that.

Progress reported; committee to sit again.

Personal Explanation

AUSTRALIAN CRANIOFACIAL UNIT

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining) (17:58): I seek leave to make a personal explanation.

Leave granted.

The Hon. D.C. VAN HOLST PELLEKAAN: Following a meeting with Professor David, the Minister for Health and Wellbeing sought both further information from SA Health and an independent review of the Visiting Medical Specialists selection process. The Women's and Children's Health Network engaged a senior corporate services officer in the Department of Health and Wellbeing to review the process. Today, during question time, I was asked the question:

...why was Professor David David not spoken to as part of this review?

In my response, I stated that Professor David:

...has had every opportunity to contribute to the review.

I have since been advised that while the review came about as a result of discussions between Professor David and the Minister for Health and Wellbeing, Professor David was not consulted as part of the review.

Sitting suspended from 17:59 to 19:30.

Bills

LOCAL GOVERNMENT (RATE OVERSIGHT) AMENDMENT BILL

Committee Stage

In committee (resumed on motion).

Clause 4.

Ms COOK: In regard to the clause and the appropriate contributions by ratepayers, has it been determined what ESCOSA deems as the appropriate contribution?

The Hon. S.K. KNOLL: I suppose the point of this object is to have regard to appropriate financial contributions. That is something we are seeking to insert that does not exist beforehand. Member for Hurtle Vale, to take the question on its merits, you are asking what is ESCOSA's opinion,

and the answer is that at the moment they need to have regard to the things that we are asking them to have regard to. I think that is something we give them some direction on later in the bill.

We will get to the clause later on but, in relation to the variation process and the cap setting process, the things they have to have regard to, that is where we are essentially providing them direction from this parliament about what we believe they should have regard to. It is quite an interesting debate that we have had about how much political oversight this process needs to have. ESCOSA are pretty good at setting prices; they do this for a living every day of the week. Essentially, we want to provide them with the independence to be able to do their work unencumbered by political considerations.

However, I do accept that we are providing them with broad direction in this act. There will be direction through the regulations that will become a lot more specific. What is going to happen, and the X factor here, is to ask: what determination is ESCOSA going to make? I think that quite self-evidently we cannot provide that answer until we see what it looks like in practice. The effect of rate capping is not instant and it is not really the first year that is going to have the biggest impact upon councils. It is a cumulative, compound effect and happens over time.

I am very keen to make sure that we provide strong direction to ESCOSA through this legislation, and I believe that we have the right balance. The regulations will form another part of the direction that this parliament and the executive give to ESCOSA, but we are going to go through, subject to the passage of this bill, a first rate capping process. We will have one cap, one variation process, one budget setting process from councils, and then we will be able to review what the outcome is. I am committed to making sure that, after we have done one full cycle, if there are lessons that have been learned, we fix them straightaway.

I am also very keen to the greatest extent possible to provide some surety to the local government sector about how this is going to operate. However, what we cannot do is presuppose a definitive decision that ESCOSA may come to because they need to go through that process first. We are asking them to look at a whole heap of factors and come up with a decision. It is impossible for us to presuppose the final decision they may come to. I think what is important for us here is to provide them with appropriate and broad direction. That is why this objective says what it says: the objects of the act form one of the things that we think they need to have regard to.

Ms COOK: Ostensibly, in summing up my last two questions, we do not have any real specificity around the rises and what is appropriate and where that might land. Given that, has the minister had any discussions, and can he enlighten us with any thoughts about what might happen if the rises then mean that the ratepayers are paying more for their council rates because it is deemed appropriate, as per the act, and that rates will now be higher under ESCOSA's guidelines because now we have a group of people—ESCOSA and not elected members—determining the price?

The Hon. S.K. KNOLL: There is a difficulty that we will go through. We have a historical context for understanding what councils have done in the past. We have talked about the average increases that councils have undertaken over the past decade. I think we have made our position clear, that it is too high, so we think it needs to come down rather than go up. If ESCOSA were to come back with a determination that the cap increase for councils should be set at 7 per cent or 8 per cent, I think we would be coming back to this place pretty quickly.

That said, this legislation is not about determining a specific outcome. If we wanted to do that, we would say it is a CPI rise only, and that would provide a very firm direction about where we think it needs to head. We believe that the decision-making process needs to be more complex than that. It needs to have regard to growth, and we have certainly talked about that quite a bit. We think it needs to have regard to costs as they are imposed upon councils. We think it needs to have regard to the broader and economic environment that sits within it.

We are asking ESCOSA to take into account all those factors and everything that is in the act and regulations as they make this determination. However, you are right: sitting here right now we are not giving a level of specificity, but what we are doing is asking ESCOSA to make the best and most balanced decision they can. We are asking them to get to the truth—and I am sure we will get to it in the later part—through the setting of the cap and the variation process, and the truth of this is: what is an appropriate increase? That will be different for different councils.

A council with a very strong balance sheet may be able to do more with that rather than go back to their ratepayers. For a council that has a specific set of extenuating circumstances, it means that it has cost pressures that other councils do not have and it will be different than it will be for a council that is providing a broader range of services. For example, there are a number of regional councils that provide services that metropolitan councils do not have to provide. We need to have regard to that. It is why we have set up this process.

There is a cap setting process, but essentially we will leave it up to councils to decide whether they need a variation. The cap that we are setting is the upper limit. Councils can do anything below that. The member for Light talked about averages and the difficulty with them. Well, we are going to set a cap. All the councils that have modest increases and sit below that cap will not be impacted whatsoever. It is basically saying that here is an upper limit. This is again like Robert Frost's path not travelled. We will be going forward into the future asking councils to take different path from the one they hypothetically otherwise would have.

Mr Mullighan: That wasn't in the poem.

The Hon. S.K. KNOLL: It is the road not travelled.

Mr Mullighan: And that has not made all the difference.

The Hon. S.K. KNOLL: Either way, essentially, it is difficult to say that this is where councils were going and this is where they are now going because that is too simplistic. The legislation is not all-encompassing enough to provide that broad framework in order to get to that answer. I think what ratepayers want to know is—and I think the member for Light alluded to this—that ESCOSA will provide some assurance and essentially be a check in the process that will give comfort to ratepayers and that somebody has had an in-depth, independent look at what councils have sought to do.

The Hon. A. Piccolo interjecting:

The Hon. S.K. KNOLL: I am giving you a compliment, Tony; just take it. It is a check that essentially what council has done is appropriate.

We need to set the broad framework. However, if you are saying that we should not do this unless we can provide everybody with a predetermined outcome of what the cap might look like, then this is all a waste of time and we should just set a cap. I do not think we want to go down that path because we know and understand that we are seeking to get towards the truth—that is, what is an appropriate increase that council needs to be able to maintain and deliver services?

But have they actually looked at the cost side of the equation and are they doing things or prioritising the service delivery as efficiently as possible? That is why we have headed down this path, not with a predetermined outcome in mind but trying to make sure that ESCOSA is asking the right questions and that, as councils answer them, we get to the answer, which is: what is an appropriate increase that a council should be allowed to undertake?

Ms HILDYARD: Minister, also in relation to clause 4, the member for Davenport spoke earlier this afternoon about a number of issues that the City of Onkaparinga has had, as you know, relating to their use of funds. How will this legislation absolutely ensure that council rates collected are appropriately spent?

The Hon. S.K. KNOLL: This piece of legislation cannot fix every problem within local government, and we have not pretended that it can.

The Hon. A. Piccolo interjecting:

The Hon. S.K. KNOLL: It will restore faith in councils. It is a first step along a journey. To answer the insinuation in the member for Reynell's question is to say, 'How can state government intervene and make sure that local government is doing their job properly every single time?' local government is sovereign in its own sphere. This legislation seeks to provide broad impetus, but I think, as the former minister for local government will understand, the power of a minister to intervene in local government matters is quite limited. That is appropriate. Unless South Australians want the state Minister for Local Government to essentially be the referee for councils on individual decision-making, then we need these bodies to be able to make the decisions. There need to be appropriate balances.

The answer to your question, 'How can we make sure councils spend their money appropriately?' we need to make sure that appropriate safeguards, checks and balances are in place. The ICAC, the Ombudsman and the Auditor-General already have the ability to look into the processes of local government and, where it is deemed appropriate, they can investigate certain matters to ensure probity. For instance, in relation to Onkaparinga, the Ombudsman is now looking into credit card matters and those kinds of things. That is the most appropriate way to deal with that.

This idea that the state government should just take over local government is not correct. What we are doing through this is providing broad impetus and broad direction, but local government is a sovereign sphere in its own right and should be free with the appropriate checks and balances to make its own decisions.

Ms HILDYARD: I do really want to ask the minister how many steps he envisages being on the journey that he has spoken about—

Mr TEAGUE: Point of order, sir.

Ms HILDYARD: —but I will not ask that question.

The CHAIR: Member for Reynell, there is a point of order.

Mr TEAGUE: I have not followed every moment of the debate, but I wonder whether the member has declared a conflict of interest. I understand the member is a member of the Australian Services Union that has a declared position against rate capping.

The CHAIR: Does the member for Reynell feel that she has a conflict? If she does not, she does not need to declare it. If she does, she needs to declare.

Ms HILDYARD: That membership is listed on my Register of Members' Interests.

The Hon. D.G. Pisoni: So what have they told you to do?

The CHAIR: Member for Unley!

Members interjecting:

The CHAIR: Order!

Ms HILDYARD: I do not think you heard what I said.

The CHAIR: I did not hear what you said.

Ms HILDYARD: I said that all my memberships are appropriately listed on my Register of Members' Interests.

The CHAIR: Suitably declared. Thank you. The member for Reynell.

Ms HILDYARD: Minister, in relation—

Members interjecting:

The CHAIR: Order! Member for Reynell, ask your question, please.

Ms HILDYARD: Thank you, Chair. Minister, how would these objects outlined in clause 4 be utilised to ensure that rates collected are directed to services and facilities that benefit community members?

The Hon. S.K. KNOLL: The object is the object—and a neat little tautology answers the question. Genuinely, it is an object within an act. It provides a broad statement of the way local government should operate. You are asking essentially how will ESCOSA in this case, because they are the ones making the decisions, determine whether or not councils are spending their money appropriately? ESCOSA in this instance is not a proactive body.

What will happen is that a cap will be set, a council will apply for a variation process, and it will be through that variation process that ESCOSA will make determinations about whether or not councils are providing an appropriate level of service. Essentially, it is through that back and forth that ESCOSA will make that decision, but ESCOSA is not here to tell councils what they can and cannot do. What ESCOSA is here to do is to approve a variation process.

As you will see, and I do not want to spoil the ending on future clauses, through this legislation we tell ESCOSA through the variation process that they have to have regard to a number of things. If councils can tick off and show that they have met those thresholds, then they will get their variation. But again, we Liberals on this side of the house try to be light-touch regulatory legislators wherever we can. We are attempting for this legislation to just breeze over the top.

Genuinely, we are not here to become the referee on every single decision that local government and councils seek to make. What will happen is that the only time that ESCOSA will make a decision is where a council seeks to make a variation application to the cap. In that instance, there is a set of thresholds at that point ESCOSA will make a determination. With regard to the object in clause 4—'appropriate financial contributions by ratepayers to those services and facilities'—it is a broad object that will form part of the decision-making process that ESCOSA will go through, but it will be a lot more nuanced than that, as we will see as we get closer towards the final chapter of the book.

Parliamentary Procedure

VISITORS

The DEPUTY SPEAKER: Before I take the next question, I acknowledge the presence in the gallery this evening of the former mayor of Barunga West Mr Dean Dolling, who I know is following this debate very closely, and also his wife, Liz, and family. Welcome to you.

Bills

LOCAL GOVERNMENT (RATE OVERSIGHT) AMENDMENT BILL

Committee Stage

Debate resumed.

Ms HILDYARD: Minister, how will you guarantee that services and facilities are not reduced by rate capping?

The Hon. S.K. KNOLL: I find this degree of absolutism to be a little bit disingenuous. In the absence of rate capping, the state government has no ability to ensure that councils do or do not cut services. They are matters for individual councils. But I would say this, and I would repeat this for the 200th or 300th time: rate capping will not send revenue backwards for councils. All it will do is limit the rate of increase for councils going forward, so what we are going to see over time is what I think the current government, as well as the former government, would call an efficiency dividend. We would call this a savings task.

There was much of it put into the midyear budget. That is essentially what we are talking about: providing the impetus for looking at how councils operate and on a year-on-year basis finding ways to do their job more efficiently. I think that there is a fearmongering in the community, and certainly from the ASU, that this is going to see a severe cut in services. It will not. Revenue will not go backwards: it will go forward at a slower rate. We think that that is appropriate,

It does not provide that somehow councils' revenue is going to fall off a cliff and libraries are going to close as of 1 July next year. What it means is that they are going to get more money than last year but potentially less money than they would otherwise have got without it. What that does is appropriately provide an impetus for change but at a rate going forward that gives us the time, the opportunity and the impetus to look at the cost side of the equation and find ways to do things better.

Mr PICTON: I was staggered, when I was sitting in my office a moment ago and tuned into this debate, to hear the minister on his feet talking about the City of Onkaparinga, which is of course where I live and where all my constituents are based.

The CHAIR: Do you have a question?

Mr PICTON: I do. My question is that I understood that he basically said to the parliament that this bill would not have an impact in terms of the scandals that we have seen at the City of Onkaparinga, in terms of the credit card expenses, in terms of the golf fees, in terms of all the problems that have been there. He basically said, 'They are a sovereign sphere of government. This

is not designed to deal with that.' I compare that in my mind to when we had the member for Unley trotting out with golf putters and things like that, saying this bill was the answer.

The CHAIR: Member for Kaurna, this is not an opportunity to make a speech. Could you ask a question, please?

Mr PICTON: Is the minister saying to residents in the City of Onkaparinga that previous comments by the Liberal Party that this bill would have an impact upon the sorts of expenses problems that we have had in the City of Onkaparinga are false and that actually there is going to be no impact whatsoever?

The Hon. S.K. KNOLL: I think members opposite need to decide which way they want to have it: either it is the death of all councils and everything being cut to the bone or it is not going to do anything. You can have one of those arguments, but you cannot have both. I think you need to decide which side of the coin you want to flip and which one you want to land on.

In relation to discussions we had before about differential rate setting, in relation to discussions and questions we have just answered, what this legislation will do is provide a broad impetus. It will not seek to run a ruler over every single spending decision that councils will make. This piece of legislation is only the beginning of the reform process that needs to be undertaken.

I refer to the LGA's own election document that talked about greater levels of transparency and accountability and greater auditing processes that will help and add to this to provide greater confidence in the way that councils spend their money. I think that is an extremely important question. What I have said twice now publicly to the local government sector and have certainly said to the LGA itself—I have said it to councils that will listen—is that this is the first stage in a process. After this will come a broader local government reform agenda.

What I also find extremely disingenuous is the fact that, over the last four years, the former government had the greatest opportunity to deal with these issues and did not. We have committed to working with the local government sector on a broad reform agenda. There have been 16 years of opportunities to get this done, but again we are talking about a specific piece of legislation. It does what it does and it does not do what it does not do.

Mr Mullighan: That is so insightful.

The Hon. S.K. KNOLL: Again, a neat tautology. This is the beginning of the process. The member for Kaurna will fondly remember from times past when we were both humble backbenchers debating each other in InDaily that this was a topic of discussion. In that insightful missive, I said that rate capping is not an end in itself; it is the impetus for changing the conversation that is had. What this does do is force us and force councils to look more closely at the cost side of the equation in a way that state and federal governments have to quite naturally because our taxation base is not as stable and forgiving.

Rate capping is only the start: it is not the end. In relation to issues at Onkaparinga, in relation to differential rate setting out at Playford, in relation to whatever ills those opposite feel exist within the local government sector, we are committed to working through ways to fix that. We are actually willing to progress those things rather than just bench our local government minister, sit him off to the side, pat him on the head and forget about it. We are actually keen for reform.

Members interjecting:

The Hon. S.K. KNOLL: And I have said that publicly. I have repeatedly said it publicly, and I genuinely look forward to that task. The feedback that I have had, whether councils like rate capping or not, is that they are hungry for change. They know they need to change. They know they need to improve the way that they do things, and they have a whole heap of ideas about how to do it. We are in for looking at all of those ideas. No idea is off the table. That is in stark contrast to the past four years, when very little happened, and I would ask members opposite to reflect on that as they ask these questions.

Mr HUGHES: Taking into account the appropriate financial contribution by ratepayers, how will you take into account the history of rates in a particular community in the setting of the inaugural base standard? I have heard you mention a period of 10 years, but sometimes there is a major legacy

effect when it comes to the setting of rates, especially when it comes to long-lived infrastructure for which councils have responsibility. How are you going to manage that?

The Hon. S.K. KNOLL: That is a fantastic question, member for Giles, and it is something that we have been considering quite closely over the past few months. How do we, in setting a rate, cap? Do we deal with a lot of the legacy issues that exist within councils? I think that rate capping is coming along at exactly the right time. You talk about the 10-year time frame. The last 10 years have also been the 10 years in which councils have had to have regard for long-term financial management plans and long-term financial strategies for the way they do things.

I think that councils are now in a better place to deal with rate capping than they were 10 years ago, and the structures and budget processes they have in place mean that this process is not going to be anywhere near as onerous as it would have been if they had not undertaken that task. The real answer to your question is: ESCOSA cannot, between now and 31 December, look at the potted history of all 68 councils to understand where they are in terms of their financial strategy and their financial strength. What they will do is set a cap, and that cap will look forward at the current cost pressures and the current financial situation when determining the cap.

I think we have to assume that councils over the past decade, and over the life of councils, have sought to put themselves in a balanced financial position. Where they have not, that is why we have a variation process. As part of this legislation, we provide ESCOSA with the ability to set a cap for a group of councils or an individual council. We do not expect that power to be used that often. There may be a specific example going forward. I use the example of the transfer of social housing to community housing providers, where the 75 per cent rate reduction provides a discrete financial impost upon a group of councils. That may be something that ESCOSA could look at specifically.

The group of councils affected by China's National Sword policy may have a specific set of circumstances if ESCOSA says, 'This is significant enough for us to probably need to give you some decent leeway.' But at the end of the day, ESCOSA setting a single cap is in recognition of the fact that councils are still masters of their own destiny. If they believe they need variation, then it is up to them to come back to ESCOSA, rather than ESCOSA try to predict what a council may choose to do. I think that it is a lower regulatory way of going about it, both from ESCOSA's point of view and from a council point of view.

You may have a situation where two councils, side by side, have the same cost pressures, but one has a very strong balance sheet with money in the bank and the other is destitute and on its bones. These councils would take that cost pressure and deal with it in two different ways. One might ask for a variation, and the other one may say, 'We are probably strong enough to absorb that.'

We want councils to make those decisions and present the case to ESCOSA, rather than ESCOSA doing a whole heap of work that it otherwise should not do, on a potentially wasted prediction. That is incumbent on councils coming back. There are probably some legacy issues. Some councils are financially stronger than others, and we want that variation process to be the appropriate outlet to deal with those issues.

Mr BROWN: My question to the minister is about the variety of different councils that have different strengths on their balance sheets, for example. In my electorate, Salisbury council has done a great job in investing in utilities such as Salisbury Water and also the northern area's Waste Management Authority. Does the minister see that ESCOSA will take into account the strength of those utilities investments that councils have and take into account the revenue the councils receive from those investments?

The Hon. S.K. KNOLL: That is, again, part of the nuanced process. It is why we push it back on councils to come to ESCOSA to apply for a variation. You are right: there are councils that have revenue sources outside of rates revenue that prop up their balance sheet. Again, I do not want to tend us forward because I think we are all having fun on clause 4, which is just a simple little broad object. The variation process does—

Mr Brown: We will get to that.

The Hon. S.K. KNOLL: But it answers your question. Paragraph (h) provides:

how the proposal is consistent with the council's long term financial plan and infrastructure and asset management plan under Chapter 8 Part 1;

Essentially, what that is saying is that if you have a cost pressure you do not think you can deal with, come to us and talk about it, but we want you to have a look at your revenue sources, the financial strength of your council and your long-term management plan about how you are going to deal with that. If you think you cannot deal with that as a part of that and you need the variation, then sure, let's talk, but you have to have regard to that first. Each council is different. You talk about the extra utilities the City of Salisbury deals with: that will need to be taken into account as a part of the variation process.

Mr BROWN: Is the minister saying that councils will be asked by ESCOSA to consider potentially liquidating their investments in things such as utilities in order to pay for unexpected cost pressures before they can apply to have the cap moved?

The Hon. S.K. KNOLL: Can you just repeat the first part of that?

Mr BROWN: Is the minister saying that ESCOSA will be asking councils to consider liquidating their investments in utilities before they can look to have their cap moved?

The Hon. S.K. KNOLL: Not necessarily. ESCOSA is going to make a decision: do we give you the variation or do we not give you the variation? That is quite a binary answer. I do not think they are going to go back to councils and say, 'You have to flog off the golden goose because we are not giving you any money.' That is just not what ESCOSA's job is. Essentially, councils will present some information and ESCOSA will look at it and say yes or no.

With their revenue sources outside of general rates, councils already have a degree of capping in place. As part of the act, what they need to do is cost recover as part of those services. Where they separate out a specific service, that can only be done on a cost recovery basis. So there are already some natural caps within the system outside of general rate revenue, but ESCOSA is not going to sit here and essentially dictate to councils what their long-term financial management strategy needs to be. They need to come to ESCOSA and prove that they have had regard to those things and that they do have a long-term financial management strategy and the cost pressures that they have sit outside of their ability to provide those services.

Clause passed.

Clause 5.

Ms HILDYARD: Just last week I was at a council meeting at the City of Onkaparinga and they had a very lengthy debate about their requirement to hold a community meeting to seek community input into their annual business plan. How do you envisage communities having meaningful input into this new aspect of annual business plans?

The Hon. S.K. KNOLL: The same way they do now. The interesting thing is what we have sought to do through this legislation, and we will seek to do through the regulations, is for this cap setting process and the variation process to sit very much alongside the annual budget setting process that councils already have to undertake. We are on to clause 5, are we not? Is this part of clause 5? I do not want to upset anybody by moving too quickly. Paragraph (d) of the variation application provides:

the community engagement process that has been undertaken by the council on the proposed varied rate cap;

What that says is that you have to show us how you consulted with your community. Under the current budget setting process of council they need to go and consult with their community. They need to show ESCOSA that they have done that. We have quite specifically not said in here that councils need to get endorsement from their community for a proposal. What it says is you need to talk to your community. It is one part of a series of things that a variation application will seek to do. You will notice with most of them that they do mirror the budget setting process that already exists.

Mr MULLIGHAN: I have not followed the council budget setting processes as assiduously as the member for Schubert has. Could he perhaps, for my benefit, explain the process, as he sees it, of a council both considering a draft budget and then a business plan for consultation with the

community, which is, as I understand it, the process that occurs at the moment, and how that process will integrate this new application process to the Essential Services Commission, if necessary, for a variation?

The Hon. S.K. KNOLL: The cap is set on 31 December. That sends a signal to councils about what the upper limit for their increases can be for the year. Councils have between that date and 31 March to apply for a variation. Under council's normal annual budget setting process and under the act, councils are required to adopt an annual business plan and budget between 31 May and 31 August, except in a case involving extraordinary administrative difficulty. Between 31 May and 31 August, they go through that normal consultation process. They have until 31 August to finalise and declare their general rate for a particular financial year. So at the moment, they undertake consultation during that period.

Councils may decide to bring forward some of that consultation process before they seek a variation to the cap. When they do put out a draft business plan, if they are considering going for a variation, we think that needs to be included as part of the draft business plan. They need to let the community know about that. Certainly, later on, as part of the variation process one of the thresholds is that councils have to show how they have consulted with their community. That may mean that they bring forward some of that consultation to before the variation process is put in place.

Having said that, we essentially give councils from 31 December to the end of March to decide on a variation. They then get that decision. That decision then informs a more final version of their draft business plan that they then go out and consult on. This may mean that they choose to consult earlier, this may mean that they need to consult a little bit more often, but essentially it is the same process. To a large degree it is up to councils to go to ESCOSA and show how they have done that rather than ESCOSA being prescriptive about how they do that.

Mr MULLIGHAN: I appreciate that because it does clarify it for me somewhat. So, to establish the process, I guess, in a linear sense, between 31 May and 31 August, in the calendar year preceding the financial year where the new rates are to be set, the council considers its draft budget, for want of a better term, and that consideration by council somehow informs the cap, which is set by ESCOSA by 31 December, and then, after the consideration of that cap that ESCOSA has set, a council has another three months until the end of March to, if it sees fit, apply for a variation, etc., and then that is roughly three months out from the beginning of the financial year where the rates will apply. Did I get all that correct?

The Hon. S.K. KNOLL: Yes, but essentially what councils may choose to do, where they decide that they are going to seek to undertake a variation, is bring forward their consultation process and essentially release a draft business plan and a draft budget, for instance, that says, 'Well, if we apply for a cap or we're going to apply a cap, and if we get a variation we go in this direction, and if we don't get a variation we go in this direction.' So there is the opportunity to make sure that consultation happens at a singular point in time, but essentially that really depends on whether a council is going to seek a variation, what that looks like, and the different decision-making process that the councils may go to, depending on the outcome of that variation. In the broad, you are talking the time line, yes, that is right.

Mr MULLIGHAN: So, on the basis that we are discussing a period of time in an environment where this legislation applies, say, a couple of years down the track, a set of rate notices have gone out for the new financial year, with whatever the rates are that are applicable for that financial year, but preceding that financial year from 31 May to 31 August the council is already giving thought to the subsequent years' rates setting, and in that first six-month period, indeed in that first two-month period of that financial year, by 31 August, they need to make some initial decisions and inform ESCOSA what they are intending to do so that ESCOSA can set a cap by 31 December. If I have that right, how does the council inform ESCOSA of the deliberations it has made between 31 May and 31 August?

The Hon. S.K. KNOLL: I think there is a level of confusion there. We will get to this in relation to clause 6. There is a base standard year, and then there is the cap year, so they are two separate things. If I take you on a time line, let us take 1 July 2018; that is year zero, and the big bang has happened. We get to the end of that year. ESCOSA looks backward at council cost

pressures over the time; it also looks forward and tries to predict and look at cost pressures going forward.

On 31 December, it sets the cap for the 2019-20 financial year. So we are looking at 2019-20; councils then have from 1 January to 31 March, again the 2019-20 financial year, to decide what they are going to do there. They get a determination on the variation, they then set their final budgets.

There is nothing specific or special about 31 May to 31 August that ESCOSA is really going to look at in any real way, because it is looking again towards 31 December. It will look backwards and it will look forwards, but it is also not going to do that on a council-by-council basis necessarily; it is going to look at that on a macro level. But, in relation to how councils essentially provide rates notices for the financial year that started where they only have to decide on their business plan by 31 August—they will do that as they currently do it—but I will ask.

We should think about the situation we are in right now, in the sense that most councils set it before 30 June, so it starts with the new financial year, but if you think about this year, for instance—we are not bringing down our budget until 4 September, but it kind of sort of started back on 1 July; it is exactly the same process.

Mr Mullighan: It's not very clear.

The Hon. S.K. KNOLL: But rate capping does not affect that. That is something that currently exists under the current act.

Mr MULLIGHAN: I realise I have had three questions, but if I could seek the indulgence of you and the minister.

The CHAIR: Keep in mind that we have a fair way to go on this; we are not half way.

Mr MULLIGHAN: Yes, I know. I am grateful to the minister for outlining the process because that has clarified it somewhat for me, that looking at the current financial year ESCOSA will establish a base cap or a base rate by 31 December, and then a council has three months to apply for a variation to that. My question is: when is it envisaged that the business plan will go out from the council to inform the community about how it stands in relation to the cap issue by 31 December?

The Hon. S.K. KNOLL: Now we are going to get very technical. We need to separate it out, and correct me if I am getting this wrong, member for Lee. There is the calculation of the base standard year revenue for a council and then the cap that applies to that, and an annualised rate revenue. The whole thing that goes into the calculation of the cap for an individual council is a separate process from the determination that ESCOSA needs to make in relation to the cap. So ESCOSA has until 31 September.

They can actually make the decision earlier, but there is a whole heap of competing information from CPI, local government CPI and specific cost pressures that exist in the local government sector—all those things that we are asking ESCOSA to have regard to when they set the cap. They will be pulling all of that information in, and they will make a decision at a point in time based on all the information that they have. They will not be relying on a data set for a discrete period; they will use all the information they have got and, at the point they set the cap, it will be based on everything they have regard to.

When we talk about the way in which we determine the cap for an individual council, that talks about discrete points in time or discrete financial years, so you have one year that is the base standard year, and you then have the capped year. The base standard year is back there, and the capped year is in front. But that is a calculation for an individual council. ESCOSA is not really going to be looking at that when they determine the cap. They will be looking much more at macro issues and industry-specific issues when they determine that cap for the state. If they have a group council cap or an individual council cap, they will be doing that as part of that, and as a subset of that process.

It is good to try to divorce the idea that the calculation of a cap as it relates to an individual council can be a point-in-time thing based on two discrete financial year datasets and is different from the very broad macro decision that ESCOSA is going to make when they set the broad cap for the state.

Ms COOK: It is my understanding then, minister, that it is conceivable that a council really has to go to consultation with the community with two very different budgets in mind because they cannot pre-empt the satisfaction of their case to ESCOSA to provide a variation.

If they have plans given X dollars, they will have to go to consultation, and then they may have to do X minus the variation that they are asking for, which, based on a council budget of nearly a quarter of a billion dollars, like the City of Onkaparinga, may be a significant community infrastructure project, which is the 'minus the variation'.

The Hon. S.K. KNOLL: I will just get this right in my head. The start to your question was, 'Is my understanding right?' That is a matter for you, member for Hurtle Vale, rather than a matter for me, but I will seek to talk at you, and how that is computed by your brain is a matter for you. Essentially, councils have until 31 March to lodge a variation. If they are ready to go, they can lodge it on 2 January. What they may try to do is get a variation determination earlier and then potentially go back out. There is a great degree of flexibility.

If council's primary concern is, 'We only want to consult once,' then you go down the fork in the road path and say, 'This is what we will do if we get this. This is what we will do if we get that.' In other words, 'If we get the variation or if we do not get the variation.' I think councils are going to naturally have to have regard to that anyway because they do not know whether they are going to get a variation before they apply for it, so they will naturally be thinking in their own minds, 'If we get it, we can do this, and if we do not we will have to do this.'

In relation to specific projects, with all the things you were talking about they will need to look at both outcomes as being potential reality and need to understand what that means for their service delivery, as they currently do. If there is a concern that they are going to have to make a whole heap of changes if they do not get the variation, then that may encourage them to seek to try to get a variation earlier along in that three-month period so that it gives them more time to figure out what it is they are going to do post that variation approval process.

Ms COOK: Given that, if councils with those types of budgets are looking at doing infrastructure projects that might be in the tens of millions, they would do that over a forward estimates period of a few years. Who is to say that they are given their variation request in the year 2020 and then they might not be given it in 2021-22 based on ESCOSA's findings, or can they get a forward approval of their estimate?

The Hon. S.K. KNOLL: Are we on clause 6? We are still on clause 5. Again, I do not want to ruin the ending of the book, but new section 187F says that councils can seek a variation for up to five years. Councils have to set a long-term financial management plan. Councils are, by their very nature, capital-intensive businesses. They have a lot of depreciation and they have a lot of assets. Assets come on fresh and new at one end and they slowly depreciate over time.

Councils, by their very nature, have to take a long-term view about the way that they go about their business because the decisions they make about the point at which they deliver infrastructure have long-term implications for their budget setting because of the depreciation process. The 10-year long-term financial plan setting has asked them to orientate themselves in that direction.

When I first thought of this, I thought of an example. In the Barossa, they have been developing a big project. They have put together about \$50 million worth of infrastructure projects—recreational, sporting, culture, arts and some infrastructure stuff. They have packaged it all up. They have been consulting with the community on this thing for a couple of years.

In my mind, I thought, 'Well they will just come to ESCOSA to get that as a variation.' However, they are not going to come to ESCOSA and say, 'We want all that revenue in one year.' They are going to look at how they deliver that over time, the points at which they deliver that infrastructure and put it on their balance sheet over time and over what period they recover the cost of that infrastructure from their ratepayer base.

As we understand, you cannot go to a ratepayer and say, 'This year, we are going to pay for the new swimming pool, which costs \$5 million. That means your rates this year will go up by \$200

each, but we will pay it off in one year and then after that we will put it back down.' Quite necessarily, it is going to be how they structure it as part of their long-term budget setting process.

It is why we have said that councils should apply for variation for up to five years. I get the feeling that that is the way that councils are going to head. The larger infrastructure projects that may cause them to seek a variation are not going to be things that can be dealt with as part of the budget in one year. It is going to be a long-term strategy. In order to smooth out the pain and to smooth out the cost increase to their ratepayer base, they will do it over a period of time.

The best example, again in the Barossa, is the very controversial development of a sporting and pool facility. There was a separate rate imposed for a specific period (I am lucky that I bought my house in the year they finished the payments), but it was a long, five or six-year period over which they sought to recoup that money separately from their ratepayer base. They spent the money up-front and recovered it over time. That is exactly what we expect them to do now, and it is why we have allowed them up to five years to be able to seek an increase or a variation.

Mr BOYER: Minister, in relation to the answer you gave to the member for Hurtle Vale earlier, when you talked about the need for councils to plan for the long term, what I am not clear on is, under the rate capping regime, how we can actually expect our councils to plan for the future in a more strategic way when they are not going to have any certainty around the rate revenue they are going to receive, given that they are going to be dependent upon determinations from ESCOSA.

The Hon. S.K. KNOLL: There are two answers that I would give. The first is that ESCOSA want to publish a set of methodology about how they are going to go about setting the caps. It is a little bit like the GST formula, where the state government will interpret what they think the federal government's determination on GST is going to be. There may be some variation to that, but in the end we sort of have an idea of which way things are going to head.

Inflation is really high and wage inflation has been higher. In the past, ESCOSA have taken that into account and we have delivered this result. We are really talking about degrees here. ESCOSA may bring down a 2½ per cent, or we think it is going to be 2½ per cent, but in the end it is 2.7 per cent or something like that. We are talking about really being at the margins.

The second point I would make is this: state and federal governments, which I think we would all consider are bodies that are also capital intensive, spend a lot of money on infrastructure. The federal government just gives away a lot of money to be spent on infrastructure. Our taxation base is a lot more variable than that of local government. Council rate revenue is as stable a revenue source as it gets.

As the shadow treasurer, the aspiring treasurer, would well know, stamp duty and payroll tax fly with the wind. Income tax and company tax rates for the federal government go up and down according to the economic cycle and provide huge levels of variation in income. Councils have this very steady state source of income and, dare I say it, I think that they have relied on the fact that they have this existing capital base that they can tax, and they know that if they tax it more they will get that revenue with a much higher degree of certainty.

They do not have to have regard to how their rates revenue is going to provide an expansionary or contractionary effect on the economy more broadly and how that is going to affect the tax take. We are talking about the Laffer Curve. Is there an economist here?

Mr Mullighan: We have seen *Ferris Bueller's Day Off*.

The Hon. S.K. KNOLL: There you go. Can I say that state and federal governments have to deal with a much greater level of variability to our income base than anything we can put onto local government. So if we can deal with it at a state government level, and if the federal government can deal with it at that level, councils are not going to have that same problem. Again, all we are talking about is an upper limit to which they can increase their rates. There will be a lot of councils that will sit underneath that. They will not care about rate capping. It is only those that want to go above that. Again, we have set this so that councils can, over a six-month period, come to a decision about their forward planning on infrastructure provision.

I really do not see how this is going to provide a level of variability. It may provide uncertainty, but it is going to provide uncertainty at the margins. The member for West Torrens would deliver his Mid-Year Budget Review every year, and you would see payroll tax written off by \$100 million; land tax not so much because that is the same base; and stamp duty taxation written off because what they thought it was going to deliver and what it actually delivered were two completely different things. Local government do not have that problem. They have a very high degree of certainty—they know the income they are going to get when they start. So this will have a very marginal impact.

Again, if we are talking about a cap, let us say a cap is 2½ to 3 per cent, say 3 per cent. Councils will be asking for a variation of half a per cent, 1 per cent, 1½ per cent. We are talking very much at the margins. There is still a huge level of stability in the income base of councils. This is all about long-term drivers for reform.

Mr BOYER: I take your point that state and federal governments probably have more variability to contend with when budgeting than councils have historically, but based on the answer you just gave, is it not true that we are in that sense then inserting some more variability into the long-term planning that councils are going to have to do under a rate capping regime and therefore there will be less certainty in terms of long-term planning that councils can do under a rate capping regime than there currently is? It may be less variability than state and federal governments have to contend with, but it will be more variability than local councils currently have to contend with in a system where there is no rate capping.

The Hon. S.K. KNOLL: At the margins, sure. This is going to have an impact on the way that they do business, but that is exactly the point. We want it to put downward pressure on the rate increases going forward, and that is genuinely the point. But the way we are seeking to implement this legislation is that it is done in such a way that gives councils long lead times, that gives them a great degree of methodological certainty and that provides them a process with rigour that essentially asks them to answer the questions about how they are going to deal with the uncertainty as part of the process anyway.

Again, this is about shifting the conversation from just looking at the revenue side of the equation to looking at the cost side of the equation. That is where I think we are going to head. I keep talking about the impetus for reform. You have costs and you have revenue. At the moment the revenue just goes up to meet the costs. If your revenue cannot just go up to meet the costs, you have got to look at your cost base. We have not hidden the fact that we want to look at the cost base. We as a state government want to help local government look at the cost base.

I note the work that the LGA has done already and some of the announcements they have made in recent weeks in relation to the provision of legal services and in relation to their professional indemnity insurance. That is looking at the cost base. Councils at the moment spend \$2.2 billion a year. That is \$2.2 billion worth of costs that we can seek to do better with. If we cannot find 1 per cent or 2 per cent of that year to do more efficiently, given the rate of technological change that exists within our society at the moment, then we are not doing our job.

There is so much ability for councils to do what they do better and for us to help them do it that rate capping is not going to be the end of the world. In fact, I think it is going to be the thing that will get us to start asking the right questions—and that is how we do more with what we have. And \$2.2 billion is a lot of money, and it is only an absolute fraction of that that we are seeking to change through this rate capping process. That is our challenge.

There are so many ways for us to save and be more efficient. In the end, like most things, once this is in place, it will not be the biggest and scariest thing that people will ever see. It will just be part of the way we do business going forward, and we will change the culture of the way we answer the question of how we make the budgets add up.

Mr HUGHES: When a councillor applies for a rate cap variation, what weight will ESCOSA apply to the quality and the nature of the community engagement process?

The Hon. S.K. KNOLL: That is a very difficult question to answer, member for Giles. We are sitting here in the lower house putting through a piece of legislation—and I can feel the frustration of members opposite, as I am sure many on this side of the house who were here before March felt,

that you put legislation through without having the regs that sit alongside it. That is the way that it went for almost every single piece of legislation that we put through.

This has been a different process. I will give you one small example. In 2016, we put through a planning development infrastructure bill that turned into an act. I am still developing regulations for that piece of legislation two years later. When the bill was being drafted, when the Office of Local Government team were putting this thing together, we said, 'We can't wait until the bill is finished or until it has gone through the parliament before we start the regs. We are starting that now.'

My hope is that, through the course of the midwinter break, all the information that ESCOSA can provide to put on the table to help members opposite or their colleagues in the upper house come to a decision will help to inform the process. Again, we will not be able to presuppose the outcome before the outcome happens because it is too multifactorial for us to be definitive.

What I can commit is two things. Number one, every single bit of information that we have in relation to how the regs are going to be drafted and formulated that we can put on the table by the time this gets to the upper house I am committed to putting on the table. Secondly, rate capping will not provide the biggest impetus in the first year, but it will have a compound effect. The first year is not the biggest problem; it is in 10 years' time.

What I am committing to doing is getting through one rate setting process and seeing what happens. We see those minute decisions and minute factors that ESCOSA had regard to and the absolute weighting they used. It is not a simple equation. To give an example, Victoria has a very simple equation. It is 0.6 CPI, 0.4 wage inflation and 0.05 efficiency dividend. That is how simple their methodology is. We would like ours to provide that level of certainty, if possible, but there are a broader group of factors that we need to have regard to.

In regard to my second commitment, we will see how it goes in the first year. If it needs refinement, then we are very much open to doing that. We are not here to bankrupt councils. We are here to get this right. We believe that there is a sweet spot at which we provide the impetus for efficiency and reform but we do not go so far as to curb what councils will do in the future. The way that you know we are serious about that is we could have just done a hard CPI cap increase. We could have just said that it is CPI, it is on rate revenue and there is no allowance for growth. There is no allowance for a variation process as nuanced as this.

However, we have not gone down that path because we are genuinely trying to get to the right answer to get that balance right. That balance is going to be a matter of degrees one way or another—too harsh, too lenient—but that is something we are going to have to develop over time as the collective experience in body of work goes into this goes forward. Again, I think we are setting down the right broad direction, and we are committed to making sure that over the medium term this gets done properly.

Mr HUGHES: Am I wrong in taking it that with improved regulation you might actually set some standards in relation to community engagement? I ask this question because of the variation in the quality of community engagement and that councils, on the take, go from the very poor to the fantastic.

The Hon. S.K. KNOLL: Your question really is: how much guidance is ESCOSA going to provide to councils? You talked about that in relation to community engagement. The answer is that ESCOSA can provide as much guidance as we want them to. They are developing those guidelines at the moment. I think the government is going to have a look at them and provide some feedback. The answer is that ESCOSA is here to provide guidelines that provide a very firm direction to councils about what they can and cannot expect.

Think about it from this perspective. ESCOSA is a regulator that does not just want to create work for itself. That is why I think they have a bias towards setting a single cap rather than meddling in the affairs of 68 councils potentially unnecessarily. However, the better their guidelines, the better the vary applications that come to them and the easier it is for them to make their decisions. I think that ESCOSA has a very strong vested interest in making sure that they provide some clear and strong directions to councils so that councils know and expect what ESCOSA is going to ask them to look at.

In relation to that, these guidelines are going to come out and they are going to be available for everybody to view. If members opposite have feedback and they expect or believe that there is something that we need to put in as part of the guidelines, we are here to listen and be open to changes in that regard.

Clause passed.

Clause 6.

Mr BROWN: Minister, new section 187D talks about the base standard rate and the capped standard rate and the calculations as to the way both of them will be done. My question is: am I correct that if R_c , which is using the calculations of CSR, is less than R_b , which is using the calculation of BSR—for example, the total value of the total revenue that is to be received by a council has fallen for some reason, because of some sort of statutory change by the state government or something along those lines—and N has stayed roughly the same, would that mean that the council rate increases would be more than they would otherwise have to be? What I am asking is, if the revenue has fallen, does that mean that because the new rate is an uplift figure from a calculated last year's base, the new increase would have to be larger than it would otherwise be?

The Hon. S.K. KNOLL: This is where the fun begins. To challenge the first part of your question about whether councils can total rates revenue, R is what we are talking about. We are not talking about total revenue for councils—only rates. Theoretically, a council's total rate revenue can go backwards in two scenarios: one is if they lose the number of rateable properties, and that is very unlikely, or, if it happens, it happens at the absolute margins. The second way is if you have a wholesale devaluation of a significant portion of your council's assets.

I asked the question about whether it has ever happened before, and there is not a specific answer that springs to mind, but let's take an apocalyptic scenario. Let's take a very remote regional council that basically has only primary production property. They have a massive drought and all those properties get devalued. That could see their rate revenue fall. Your question is: when they apply their capped year increase, will they essentially be increasing it at more than the cap? When they set the base standard year, you are essentially working off a valuation base for the group of assets that are being rated.

Where the capped year sees a significant devaluation of the total asset base, the answer is—and I will explain it this way—that what councils do now is adjust their rate in the dollar to balance off against their market valuation change. They will still be able to do that. If you see a wholesale devaluation, councils have the opportunity, when they set their capped year budget, to increase the rate in the dollar to make the effective rate revenue per property the same.

Mr Brown: But the increase will be greater because the base has dropped.

The Hon. S.K. KNOLL: No, because councils do that now. Think about it the other way around. The Adelaide city council, for instance, has seen a massive increase in their market valuation. It is just a market valuation change. What they have done is reduce their rate in the dollar to balance off against that. That up-and-down A times B type of thing happens now. That will continue to happen in exactly the same way in the future.

Councils may decide—and this is where it gets a little bit tricky—where there is a massive decrease in market valuation because their rateable property base is under significant stress, to use that as an opportunity to reduce the rates revenue on that asset base on that group of properties, and that may make their rates revenue in totality fall. In that example, as Alex starts shaking her head, they would essentially apply the cap to that annualised rate revenue base, but there is huge flexibility for councils to make that decision on their side of the aisle to make their revenue consistent.

Again, the get-out clause here is: where they feel like they cannot, they can apply for a valuation process. If we are talking about a distressed council that feels they need for some reason to go back to the ratepayer base for a variation, they can do that, but that is an example that is extremely remote. If we are talking about something that exceptional, I think ESCOSA will take a very sympathetic view of that—if that answers your question.

Mr BROWN: I probably did not explain myself properly. I am sorry, numbers were never really my strong suit. Minister, what I was talking about was is if there is a reduction in the council's

rate revenue for whatever reason. The number of properties is staying pretty much the same, but the revenue that they are receiving has dropped for some reason. Does that mean that they can essentially, on the one hand, increase their rate base to get up to where they should have been if there had not been a fall and then, on top of that, add the cap? So, for example, if their value has fallen by, say, 1 per cent and the cap is at 3 per cent, can they increase by 4 per cent and have no problems?

The Hon. S.K. KNOLL: The answer is no. Councils have the ability, by fluctuating their rate in the dollar, to make consistent what their rates revenue base is going to be. So they will be able to make that fluctuation. They can balance that up to equal last year. They then get the allowance for growth. Let's treat that separately. Where they choose to let their rates revenue fall, the cap does not just happen. I really needed a whiteboard.

The valuation goes down. The council has two choices, in very blunt terms. They either do not adjust the rate in the dollar and let it fall or they increase the rate in the dollar to make it balance up and consistent. Whatever they choose, up to last year's total rate revenue amount, that happens on their side of the aisle. If they choose to balance that up and it is what it was last year, the cap will get applied to that. If they choose to, by their own volition really, reduce their total rates revenue according to their calculation, then the cap will then be applied to that.

They already have the flexibility to kind of do what you are saying anyway by increasing the rate in the dollar, so they can balance out those fluctuations. As they do now, they will be able to do that going forward. One of the questions I asked is: is there a scenario in which a council's rate revenue can go backwards? The answer is theoretically yes, but only if councils let it. They have the complete ability, as they do now and as they will going forward, to adjust their rate in the dollar to balance off against market valuation changes.

Mr BROWN: I hope I explain myself properly. If the result of a state or federal government decision impacts upon the rate revenue of a council—say, for example, there is a wholesale transfer of properties to community housing providers which impacts on council's ability to raise rates from those properties—does that then automatically cause the council to have the ability to raise rates more than they would otherwise have raised them because of the impact on revenue?

The Hon. S.K. KNOLL: This is where there is a separation. This is quite an interesting journey also that I have come along. Before we go back to your question, think about it like this: when there is a valuation change to a property, that has absolutely no impact on the cost of the services that councils provide for that property.

Mr Brown: This is about the rate revenue.

The Hon. S.K. KNOLL: I understand, but it is why it is not an issue. You get a \$100,000 increase on the valuation on your house, and that is a 20 per cent valuation increase. Council's cost to provide the services did not just get 20 per cent more expensive. They did not get any more expensive. It is why we actually do not include valuation change as part of this, because it does not change the cost base. What councils do on a given year and, again, what Adelaide city council has done, because they have seen large increases, is lower their rate in the dollar to balance it out.

What they do, as I currently understand it, is they work backwards. They pick a rate revenue and then they work backwards to calculate what that means for the individual differential rate setting system. They essentially use the rate in the dollar to balance that out. What they historically do is—again, it is extremely variable and the councils do this and they will continue to do this in the future, but they do have the control—in terms of the calculation of the annualised rate revenue, they have the ability to use that as the balancing item essentially. What I think they will be incentivised to do is to vary the rate in the dollar to make sure that what we charged last year is what we charge this year for the purposes of determining the cap.

Market valuation change will not have an impact outside the way it already impacts. Rate capping will change nothing in relation to the way that happens. The question I think you are asking is: is there a get-out-of-gaol-free card for councils? In a rate in the dollar sense, yes. In a rates revenue sense, no. As to the total dollars that they collect, they can balance things up to get back to the total dollars that they collected but they cannot do more than that.

Mr HUGHES: This is a far simpler question. As a member who has a number of smaller country councils—The Flinders Ranges Council, Cowell, Kimba, Coober Pedy, and I might ask a question about Coober Pedy later, that might be interesting—I just want the minister to give a guarantee about the country roads under the control of those councils, which are often dirt roads which require a lot of maintenance, and to give a guarantee that under this new regime there will not be a deterioration in those roads that councils already struggle to maintain. The example and the history in New South Wales has been a deterioration in those country roads as a result of the rate capping regime in New South Wales.

The Hon. S.K. KNOLL: I will answer your question in two parts. The second one is something we have come across that is really—

Mr Hughes interjecting:

The Hon. S.K. KNOLL: Well, in life there are no guarantees, Eddie. Sorry, member for Giles. But if councils currently choose to let their roads deteriorate, that is currently a matter for councils. If councils into the future, under a post-utopian rate capping world, choose to let their roads deteriorate, they can do that. Councils will have a decision. They can either choose to make a case to ESCOSA for a variation or not.

I can tell you in relation to New South Wales—and I would like to challenge this because this is a myth that has been purported in a lot of places that there is this massive infrastructure backlog in New South Wales. IPART, for the last five or seven years or something, has been the regulator that regulates councils, because they were also the group that were looking at amalgamations. Councils changed their asset structure and their asset useful life structure that created this massive on-paper backlog in road maintenance. It is a calculation based on depreciating the useful life of the asset.

IPART turned around and said, 'If you are not sustainable in the long term and do not have a sustainable plan for dealing with your infrastructure backlog, then we will consider you right for amalgamation.' With the stroke of an asset depreciation change, the councils wiped out a lot of the infrastructure backlog overnight. That is not to suggest that country councils do not have issues with roads, but that is to say that there are various ways to look at it. It is also a way to dispel the myth that rate capping is somehow going to have a massive bearing on that.

Councils make the decisions to let their roads deteriorate or not now. They will continue to do that in the future. I can give this guarantee, though, member for Giles, that as a regional MP who has a lot of regional roads I will be looking very closely at the ESCOSA guidelines to make sure that there is no disadvantage for a council that makes a very strong case that they need to invest more in regional road upgrades as part of a variation process.

For instance, Light Regional Council in my electorate has made a decision now after years of having some pretty average roads—the current member for Light is still the member for Light, but his electorate has moved a little bit, and I have probably driven over a lot—to accelerate their road maintenance. In the future, that is something that they could do within their usual budget or they could come for a variation for, but they are only making those decisions now. The variation process still provides an opportunity for them to do it in the future.

Mr HUGHES: I did promise a rather specific question on Coober Pedy. Taking into account the objects of this part—and I will not repeat them—how do you see that in the context of the Coober Pedy council? You might dismiss that as a mischievous question.

The Hon. S.K. KNOLL: There are some councils that are stronger financially than other councils. I think that as part of a variation process—and again, I do not want to presuppose the ending of the book—we ask councils to have regard to their long-term financial management plans. If we accept that Coober Pedy council does not have a strong balance sheet and has some financial difficulties, that seems to me to be exactly the kind of council that needs a positive outcome from a variation process in order to deal with those things.

We call it a reserve power, but if we consider that Coober Pedy is a special case, ESCOSA may actually in advance set a specific rate cap for Coober Pedy, or a council that is in financial distress. ESCOSA has the ability to do that. Where there is a specific need or a specific case or, for

instance, where I could ask ESCOSA to have a look at something, there is the opportunity to do that. Somebody who has long-term financial problems I think is somebody who is right for a variation process. The way that that variation process is structured, it is those kinds of problems that need to be dealt with.

Mr MULLIGHAN: I am wondering how the regime set out in clause 6 will apply to a council like the City of Port Adelaide Enfield, which has over the years been able to manufacture a way to levy rates, particularly on commercial properties, which are related to the turnover of that commercial business.

The Hon. S.K. KNOLL: Sorry, can you repeat that question?

Mr MULLIGHAN: Yes. I am wondering how this regime would apply to an instance like the City of Port Adelaide Enfield, which has been able to manufacture part of its rating base to apply rates based on the turnover of commercial businesses.

The Hon. S.K. KNOLL: That is bizarre. The broad answer to your question is that the cap is calculated based on the total rate revenue. It does not delve down into individual properties. We are talking about a dollar figure and a percentage increase on a dollar figure, but I think you raised a bit of a broader question. My understanding is that the way that a council rate is set is based on the capital value of the property, and a rate in the dollar times the capital value gets you your rates notice. We are actually just checking whether that is something that can actually be done as part of the act. You are saying that there are properties that are rated on turnover and not capital value?

Mr Mullighan: Indeed.

The Hon. S.K. KNOLL: The answer I have is still the answer that stands: the rate cap applies to the total rate revenue rather than to an individual. To the extent that we are talking about the dollars rather than how they calculate how they get to the dollars, it is a percentage cap on the dollars. I think you raise a separate point that we should probably have a discussion about—and I am happy to take that on notice—which is the rate setting policy by the City of Port Adelaide Enfield. I think we will take that on notice and look at that.

Mr MULLIGHAN: I realise this is a bit of a curly question, but I think it is representative of a concern. It is likely there will be instances where councils have, over time—perhaps going far back in time or more recently—developed ways in which to raise revenue from its rating base, whether they be commercial, residential or industrial properties, which are not readily conceived of by this bill. There are two subsections to this question. According to 187E(4)(a)(iii):

- (a) ESCOSA may only make a primary rate cap determination that is to apply to a particular council if ESCOSA considers it appropriate to do so taking into account...
 - (iii) the level of other fees or charges imposed or proposed to be imposed by the council...

I just flag that as a matter of interest. Adjacent to that, I also flag that section 187E(4)(b) provides:

- (b) before making a primary rate cap determination that is to apply to a particular council, ESCOSA must—
 - (i) consider the following—

amongst others—

- (C) any matter that the Minister directs ESCOSA to consider;
- (D) any other matter considered relevant by ESCOSA...

Can the minister perhaps advise the house on the sorts of issues which may be captured by that and perhaps may have been informed by discussions that he has had with ESCOSA?

The Hon. S.K. KNOLL: The rates revenue you are talking about is called rates revenue, and how they calculate that rate revenue, councils will continue to do. However, the cap applies to the total bucket. How that bucket is made up—the differential rate setting—is still a matter for councils. The cap applies to the total bucket. So, as long as it sits within that, subject to the cap, if it is a different form of council revenue according to the definition, then it is not part of the cap.

As I understand it, where council separates a rate to provide a specific service, they are only allowed to cost recover in relation to that the way that they set those fees anyway, so it is essentially a cap based on cost recovery. If you are asking whether ESCOSA has the power, where an individual council starts to get funky and tries to find ways to increase revenue outside their base, then yes. I will give you one example. At the moment, some councils will provide their CWMS service inside of their general rate revenue charge. They may try it on for size that if they excise that and charge a separate line item on the rates notice to provide that service, they can use that as a way to increase their revenue.

The answer is: where they choose to create that separate rate, they have to be transparent with ESCOSA and say, 'Here are the costs we're going to recover. Here's the revenue we are going to get from it. It is a one-for-one exercising from the general rate revenue base and it is completely transparent.' So they actually have to go to ESCOSA and tell them when they are going to do that—if that is the question you asked.

Mr MULLIGHAN: It was not, but I will move on to another one. New section 187D(2) and (3) state:

(2) The base standard rate, in relation to a council...

and—

(3) The capped standard rate, in relation to a council...

Can I just clarify that for all 68 councils in South Australia, ESCOSA will be making separate determinations on both of those for each council?

The Hon. S.K. KNOLL: A cap is set for all councils—except where it is not—but the calculation is done for both the base standard rate and the capped standard rate. That is done council by council, yes, but one is the calculation of how the cap affects each individual council and one is the setting of the cap itself, and the council will do that calculation.

Mr MULLIGHAN: I refer to (3)(a). Can the minister advise the house what sort of discussions he has had with ESCOSA that might shed some light on how the Essential Services Commission might establish that particular calculation about what the new indexed rate would be?

The Hon. S.K. KNOLL: Your question is: what discussions have I had with ESCOSA? The answer is that we have essentially asked them to go away and develop guidelines and given them sort of a broad remit about what we want that to look like. The firm direction we have given is to minimise red tape and incentivise growth. They are the two directions we have given to ESCOSA—not formally, but in the discussions we have had.

Essentially, as to how the base standard rate and the capped standard rate are to be calculated, it is actually a discussion that ESCOSA is having with councils at the moment. Councils will be the experts about how they do that but, in the development of the guidelines, ESCOSA has been talking to councils about the different nuances that go into especially what is included as part of the annualised recoverable revenue from general rates and then the total revenue recovered from rateable properties in the capped year. That is a discussion that is actually ongoing between councils and ESCOSA, rather than between me and ESCOSA.

Mr Mullighan: And what are they firming up on?

The Hon. S.K. KNOLL: What are they what, sorry?

Mr Mullighan: What sorts of items are they firming up on that will be included in that calculation?

The Hon. S.K. KNOLL: Obviously, this is quite clear about increasing the number of rateable properties, but there are also discussions around the concern the member for Light raised in relation to improved capital value as distinct from a market valuation change. They are really the major growth factor concerns that are being worked through at the moment. The other thing to say as part of this in relation to understanding in a capped year what the annualised rate revenue is, what we have said—but this is part of the legislation—is that when you are taking into account the increase in the number of rateable properties, the end part is the number of properties, but that is just to

calculate the base standard rate, which is an artificial construct for the purposes of this, rather than anything real within a normal budget setting process.

But what they have said is that over the course of a year councils will see an increase in the number of rateable properties. For the purposes of determining annualised revenue recoverable from general rates, what they do is assume that all the properties that have come online over the course of the year have been rated for the full year. So, if you think you get to the end of the financial year, council starts rating individual new properties over the course of the year. They do not get a full year's worth of revenue in that first year: they get whatever revenue is when that rateable property came online.

For the purposes of calculating the annualised revenue recoverable from general rates on rateable properties, they assume that all those properties that came online over the course of the year have been there for the full year. For instance, what would otherwise happen is that councils would be incentivised to make sure that all the new properties come online at the start of the financial year and not at the end of the financial year. You want to make sure that it looks as if those properties existed for the full financial year so that, when you are applying the cap to that total revenue base, you are doing it on the total sum as opposed to the part-year sum for those rateable properties that have come online over the course of the year, if that makes sense.

The Hon. A. PICCOLO: Tonight, the minister has pointed out two things; one is that the bill is about dealing with the revenue side of council, rather than with the expenditure side. By controlling the revenue side, he believes, and I say he believes because I cannot see the connection, that there will be new conversation, as he puts it, about the whole council budgeting process, although he has not clarified or indicated what that mechanism is. Conversations come from culture, and I am not sure how this is going to instantaneously change the culture of councils, given the whole range of things that impact on council culture and whether they are country, metro, etc.

Putting that side, given that he is dealing with the revenue side, can the minister please explain to me what mechanism ensures that councils maintain their infrastructure or deal with the loss of revenue—by 'loss of revenue', I mean less revenue than anticipated, through the cap, which he has indicated is a fact—rather than just not maintaining their infrastructure. What is the mechanism from your rate cap to conversation, to changing culture, to doing things differently? I cannot see it. Please do not say that this is the start of a conversation that will happen because that is not an answer.

The Hon. S.K. KNOLL: There is an old saying that necessity is the mother of all invention. This bill creates the necessity. But, having said that, what essentially the member for Light is trying to suggest is that if councils choose to make really bad decisions because of rate capping, how are you going to stop them from making really bad decisions? I think it belittles councils, member for Light, to somehow suggest that maybe councils would deliberately make bad decisions.

The variation process asks that when the councils seek a variation one of the factors that needs to be taken into account is how the proposal is consistent with the council's long-term financial plan and infrastructure and asset management plan. That is the point at which ESCOSA can make comment about the long-term financial management plan of a council. How a council deals with not getting a variation application is a matter for council. But if councils use that as an excuse to then go and make poor decisions, I think that is not the fault of the legislation; that is incumbent upon the council.

What I would say is that the local government sector has already come to me in relation to wanting help from the state government to provide information to councils about the benchmarking of the cost of council services. That benchmarking piece of work, and I understand there is a lot that has already happened before now, is a—

The Hon. A. Piccolo: Mr Chairman, can we get back to this bill, not a future bill which he may or may not introduce.

The Hon. S.K. KNOLL: You asked me about culture going forward. You did not ask me about this bill.

The CHAIR: Order! Member for Light, is that a point of order?

The Hon. A. Piccolo: I did say this bill, what provision in this bill.

The Hon. S.K. KNOLL: You ask a question, I answer it. Your question is off in never-never land. I am trying to give you a genuine answer, and now you have a go at me about it.

The Hon. A. Piccolo: No, I am not at all. You are not answering the question.

The CHAIR: Member for Light, you have already asked your question. Minister, please return to your answer.

The Hon. S.K. KNOLL: You said not to give a—

The CHAIR: To your answer, minister.

The Hon. S.K. KNOLL: Sure.

The CHAIR: Return to your answer.

The Hon. S.K. KNOLL: I was asked not to give an answer—

The CHAIR: Return to your answer, please.

The Hon. S.K. KNOLL: —that talked about conversations. You are talking about something specific and concrete about how we are going to change culture.

The Hon. S.K. KNOLL: As I have said repeatedly, this bill provides the impetus for change, but this bill is not an amendment bill seeking to institute anything other than this. But, as the member would appreciate—and maybe if he had more regard to taking a step-by-step approach in relation to changes within the emergency services sector, he would have still been in the ministry—we have said repeatedly, and we continue to say, that we want to have a vote on this piece of legislation up and down as a stand-alone reform. It is the first reform of what is going to be a series of reforms in this sector.

Benchmarking is an idea that local government sectors talk to me about, which I am really keen to look at. I think competitive federalism is a fantastic thing. I think that reports on government services is the way that states keep each other honest, by benchmarking services against each other. I think that is going to work brilliantly in the local government sector. They want it and we want to do it. It is not part of this bill, but it is not rate capping. But this is the start.

To say that we expect this bill to completely change everything and fix every problem that exists within the local government sector, and that it needs to be in this bill, is completely disingenuous. This bill is a rate capping system. It is the start of a reform agenda, but the reason we do it bit by bit is that you need to take the sector on a journey. You need to consult, you need to discuss, you need to help everybody understand what it means, and then you need to implement it and then you move on to the next thing. That is self-evidently what we are going to do.

But when I get asked a question about why this piece of legislation will not fix every problem that has ever existed within local government, and say that I can't give a wishy-washy answer, then I think that we all need to have a good hard look at ourselves.

The Hon. A. PICCOLO: That cannot go without a response. First, I will repeat the question, because I made it very clear. My question was: what is the mechanism in this bill? I was not talking about anything else in the future—I was talking about this bill, and I made it very clear.

Secondly, the suggestion that councils make a poor decision was not the suggestion at all. They might have a choice between cutting a service or downgrading a service somewhere else. It does not mean it is a poor decision; it just means that it is a decision they do not want to make. I totally refute the suggestion that I was actually implying that they make a poor decision. They made a decision because of less revenue, one that is less palatable.

To get to the next question, at the risk of asking you to actually address the question itself, how does this bill seek to incentivise, as you indicated, growth, etc? I know how the bill, in your words, takes account of growth. Certainly it does in terms of the creation of allotments. I do not agree that it takes account of capital growth itself, and there is nothing in this bill that I have read that

actually says it shall do that. What is the mechanism for this incentivisation, as distinct from having regard for, taking account for or making allowance for?

The Hon. S.K. KNOLL: The answer is that it is explicit about increasing the number of rateable properties and the growth that exists as part of that, but it is silent with regard to other things. The answer is that it is not in this bill, but it is also not excluded as part of this bill. It is something that ESCOSA, through the formulation of its guidelines, can have regard to.

Having said that, if the member wants to propose an amendment, we are all more than happy to look at it. The answer is that, when we enact legislation, we want it broad, we want it to be enabling and we want it to set some strong, broad guidelines. But I think there is a degree of flexibility that we need to give the independent regulator, and I think this bill sits where it needs to. We have been very clear. I agree, member for Light, that we have said repeatedly that we want this to incentivise growth, and we believe it does. There is nothing in this bill that does not incentivise growth. There are some things on which it is silent, but if the member believes that there is an amendment that needs to be put, then put the amendment.

The Hon. A. PICCOLO: Based on what the minister has said tonight, he has quite rightly pointed out that there is a whole range of permutations of councils, and classes of council, whether they are metro, city, small, large, etc. The minister also said tonight that it is his view, and he has indicated to the commission, ESCOSA, that there is a preference or bias, I think the word was, for a single rate cap rather than for multiple rate caps, subject to one or two exceptions perhaps. Given that this is one of the biggest factors about which this bill is silent, how do you intend to achieve one rate cap to cater for low growth and very high-growth councils?

The Hon. S.K. KNOLL: There are a number of parts to that question. The first one is that high-growth councils will see their revenue increase at a greater rate than the cap than low-growth councils will. However, if the argument follows that high-growth councils incur up-front costs in relation to that growth and low-growth councils do not, then quite logically high-growth councils will see their revenue increase at greater rates than low-growth councils will. But—

The Hon. A. Piccolo: You haven't answered the question.

The Hon. S.K. KNOLL: Yes, I have.

The Hon. A. Piccolo: No, you have one cap.

The Hon. S.K. KNOLL: Yes, there is one cap.

The Hon. A. Piccolo: How do you actually—

The Hon. S.K. KNOLL: There is a separate calculation that is made for each of the 68 councils. High-growth councils that see a large increase in the number of rateable properties will see their revenue increase at greater rates than lower growth councils, notwithstanding the fact that it is a single cap. When you determine what that means for each individual council, you are going to see 68 different decisions, 68 different calculations made, but there is always a variation process. So where a low-growth council has some higher infrastructure needs, or where a low-growth council wants to turn into a high-growth council and needs to do some things up-front for that to occur, that is an appropriate use of the variation process.

The CHAIR: Member for Light, this will be your last question.

The Hon. A. PICCOLO: You are being tough now.

The CHAIR: Not really. This is No. 4.

The Hon. A. PICCOLO: Like I said, you are being tough. So effectively you are saying that most councils, particularly high-growth councils, will more than likely have to apply for variation. So the variation will not be the exception; it will almost be the rule.

The Hon. S.K. KNOLL: No. That is an individual decision for councils. To give you an example, the highest growth councils are Playford and Gawler. They have, over the last 10 years—and do not quote me on the exact figures—

The Hon. A. Piccolo: How about five years and not 10?

The Hon. S.K. KNOLL: I have the figures over 10 years.

The Hon. A. Piccolo: Why didn't you get them over five? Is it to suit your argument?

The Hon. S.K. KNOLL: Because a piece of string is as long as we choose to make it.

The Hon. A. Piccolo: No, you picked a date that suited your argument.

The Hon. S.K. KNOLL: How dare we look at averages over a longer period of time.

The Hon. A. Piccolo: No, I use averages—

The CHAIR: Member for Light, you have asked your question.

The Hon. S.K. KNOLL: How dare we.

The Hon. A. Piccolo interjecting:

The CHAIR: Member for Light, you have asked your question. Order!

The Hon. A. Piccolo: You have used a starting point that suits your argument rather than give a fair case.

The CHAIR: Member for Light, you have asked your question. Minister.

The Hon. A. Piccolo: I am just clarifying.

The Hon. S.K. KNOLL: The highest growth councils in South Australia have an increase in the number of rateable properties year on year. I do not think anybody gets to 2 per cent, but it is certainly over 1 per cent. There are low-growth councils that will see a 0.1 per cent or 0.2 per cent increase, or something very small. If we take a high-growth council, let's say for the sake of the argument the cap increase is set at 3 per cent. You will see a low-growth council like an outback regional council have an increase that is then at about 3.1 per cent or 3.2 per cent, and you will have a high-growth council have an increase of 4.5 per cent or 4.7 per cent. That is the level of difference in fluctuation we are talking about.

Allowing for an increase in the number of rateable properties will create quite a divergence in the calculation council by council, but the fact that we are talking about orders of magnitude of that size says that the way that we have set this up is quite generous and that we will see councils like Playford, Gawler and a lot of the ones in your area have a much more generous cap than low-growth councils.

Mr KOUTSANTONIS: Has the minister received any legal advice that ESCOSA could be subject to legal challenge for their determinations on the size or the value of the rate cap?

The Hon. S.K. KNOLL: Part 1: have we received legal advice? No. Part 2: what are the review mechanisms? We expect there to be the normal judicial review mechanisms that would exist for a statutory authority such as this. Part 3: is there a specific concern? There is nothing that has been raised before. We have—

The Hon. A. Piccolo interjecting:

The Hon. S.K. KNOLL: We made a conscious decision that the minister would not have an intervening power to override the decision. It was a very conscious decision that we took to take the politics out of this because I think that there could be pressure put upon a minister to make a more harsh cap determination than ESCOSA would otherwise make. I think that a minister who sets a more generous cap is a very brave minister, but we took that power away because we wanted to have an independent decision made by a body that has integrity and independence.

There are normal judicial mechanisms. There is a series of reviews as part of the legislation. There is a two-year outcomes report. There is a longer term five-year review of the act. We have also committed to, after the first round of rate setting and cap setting processes, looking at this and tweaking the model to make it work where that suits. I think what you are talking about is separate from the policy process. If there is an insinuation that ESCOSA has somehow acted in a way that is either corrupt misconduct or maladministration, there are already existing processes to do that.

Mr KOUTSANTONIS: Can we have some clarity from the minister on what I am looking at? Whenever you regulate monopolies, a lot like the process ESCOSA will be conducting for local councils, previously things like limited merit reviews were available to electricity utilities, gas utilities and pipeline operators, such as SA Water, who have their regulated costs allocated by ESCOSA. The question I am asking is: has the government received any advice that a citizen of a council—a ratepayer of a council—has any legal rights to appeal a determination by ESCOSA, and does a council have the ability to take legal action on the basis of the work ESCOSA does?

When the minister says 'judicial review', I am assuming he means if ESCOSA conducted some error in law while they were determining the rate increase. I am talking about the merits of the cap that ESCOSA have placed, not if there has been an error of law. Does the government have any advice, or has received any advice, from its own lawyers or externally, saying that councils may have a legal avenue to overturn an ESCOSA rate capping decision?

The Hon. S.K. KNOLL: The short answer is no. When you are talking about legal advice, there is no legal advice that exists. The way that ESCOSA sets water prices is setting a price. That is very different from setting a cap. They are similar but they are different.

Mr Koutsantonis interjecting:

The Hon. S.K. KNOLL: They are very, very different. Essentially, the variation process is a form of appeal. Beyond that, the variation process is the council saying, 'I think I need something different from the cap.' We are all saying that it would probably be more, because if it were less then they could do whatever they wanted. Beyond that, we are talking about the policy decision of a government of the day or a parliament of the day.

If you talk about the fact that a council or councils believe that the cap setting and the variation process are too harsh, then that is a matter for the bill and it is a matter for the guidelines as to how to deal with that. Again, there is then a separate judicial process about a fault at law, but there is a cap and there is a variation process. The variation process is the appeal.

The other thing that we are talking about here is that there is enough time in this, but there is a set of deadlines, too. When ESCOSA make a water pricing determination, they are doing it for years in advance, so you have time to put this thing through the courts and go through a whole series of appeal mechanisms. This is going to be done on a yearly basis. You might lose the fight this year, but you might then win it next year. There is an opportunity every single year for an appeal mechanism.

Variation has to be put in by 31 March and it then needs to be determined. The year starts on 1 July. We have made sure that this process mirrors the budget setting process of a council, but we also realise that there is a deadline. There is a situation—and it is something that the member for Light raised when I briefed him—regarding the question of where ESCOSA has the ability to enforce the decisions that it makes. The answer is that new section 187J(3) states that a failure to comply with the primary rate cap determination, whatever it is, does not affect the validity of any rate.

What that means is that a council will breach the cap or make its determination differently from what ESCOSA says it should, but that does not invalidate the decision that the council makes. What we have done, if you look at clause 7, is made an amendment to section 273, which is the power that the local government minister has to take some action against a council. Currently, it is a report from the Ombudsman, ICAC or the Auditor-General. We have essentially included a report of ESCOSA under that section 273.

The experience interstate is that councils comply with the cap and the cap setting process. We do not feel that we need to have a series of penalties or a stick that ESCOSA can wave at a council if they do not do exactly what they say, but if ESCOSA writes to me and says, 'This council has made a mistake and it hasn't fixed it up,' or, 'It has egregiously broken the law and we think you should have regard to doing something about it,' then that is the mechanism by which we can use enforcement.

I think we have to make a distinction here between what a policy decision of the state government is and how that relates to and impacts upon local government, and a level of misconduct, or whatever you want to call it, regarding ESCOSA. I think they are two separate things.

Mr KOUTSANTONIS: I have one last question in four parts.

The CHAIR: Right. Well, let's see how we go, shall we?

Mr KOUTSANTONIS: ESCOSA generally charge for regulating industry, and I see the minister putting two big thumbs up, excellent. ESCOSA also have powers to compel bodies that they regulate to provide information: the weighted average cost of capital, the regulated rates of return, what they have made in the past, what their expenditure costs have been, what they have paid contractors, what their EBA negotiations might be. Regulators have very broad powers to look inside organisations that they regulate. So my question in four parts is:

1. Will ESCOSA be able to charge councils for the cost of their regulation?
2. Will councils then be able to pass on that cost as part of their rates base to their ratepayers?
3. Will ESCOSA have power to compel councils to give them information that is commercially confidential for councils in terms of their tenders and the operating of their business?
4. Will that be made publicly available on all determinations, as it is for regulated monopolies? When a regulated monopoly has a determination, generally the regulator publishes all information that the monopoly has passed on to the regulator for the purposes of that determination. Will sensitive commercial information held by councils in terms of their procurement and their contracting be published by ESCOSA once they have used this to calculate the rate cap?
5. The final question is: what is the penalty—

The Hon. J.A.W. Gardner: That will be five.

Mr KOUTSANTONIS: Sorry?

The Hon. J.A.W. Gardner: That's five.

Mr KOUTSANTONIS: Is it five? Well, this is subsection (b) of question 4. Subsection (b) of question 4, sir, is—

The CHAIR: It is a big clause.

Mr KOUTSANTONIS: —what is the penalty for a council not complying with an ESCOSA direction to give information to it?

The CHAIR: Did you get all those parts, minister?

The Hon. S.K. KNOLL: I have got the answers, but I am trying to remember the questions. Can ESCOSA charge councils for their work? No. I think it would be particularly cheeky of the state government to say to councils, 'You've got to pay for the cost of regulating rate capping.' Councils are going to have to deal with things on their side of the aisle, but—

The Hon. A. Piccolo: They pay for the variation. The bill says you pay for the variation; councils pay for the variation.

The CHAIR: Member for Light, you are not even in your place, so please desist.

The Hon. S.K. KNOLL: We have taken a decision that the state government will bear the costs of ESCOSA's work on setting the cap. Yes, there is a provision in there for ESCOSA to be able to charge a fee for assessing a variation application, but that must not exceed the reasonable cost of determining the application.

Mr Koutsantonis: Can it be passed on to ratepayers?

The Hon. S.K. KNOLL: Everything the council does can be passed on to ratepayers. The answer is that is the only part at which ESCOSA can charge any fee, and the state government is picking up the tab for the rest of it.

The next part of your question was in relation to the provision of confidential information, and the only point at which ESCOSA can use those powers is when a council asks for a variation. As you would expect, the council will put its variation application to ESCOSA; ESCOSA will look at it and

say, 'Well, I probably need some more information here, here and here,' and they have the power to compel that. In relation to the publishing of that information there would be, as part of ESCOSA's act, legislative guidelines about how they can and cannot do that.

Having said that, is there a risk that ESCOSA is going to publish commercial-in-confidence information from councils? I do not see that as a real risk. If the member for West Torrens can identify where that is a real risk, we are happy to deal with it. But having said that, if a council hands over commercial-in-confidence information, in terms of what ESCOSA would have to have regard to, like any of the other integrity bodies for instance, as you mentioned, that would happen in the normal and usual way.

Mr KOUTSANTONIS: A point of clarification for the minister—

Mr Pederick: Six.

Mr KOUTSANTONIS: Hardly. The cost of capital would be consistent across councils, given the nature of the way councils borrow, but their operating costs would be bespoke across different councils because—

The Hon. S.K. KNOLL: They would have a bespoke approach.

Mr KOUTSANTONIS: Yes. So some councils consolidate their costs; other councils do not. Smaller councils have higher costs; larger councils should have lower costs. If ESCOSA cannot compel and does not have the power to seek that information, how can they adequately regulate a cap?

The Hon. S.K. KNOLL: When ESCOSA looks at setting its cap for the year for the state, I really do not think it is going to be trawling through the books of all 68 councils in determining how to do that. I am not going to reflect on a member's presence or otherwise in the house, but earlier on in this committee debate we discussed the fact that there is a bias towards setting a single cap, and when we set that cap it is going to be set on a set of macrofactors that exist. It will then be up to councils to identify how those cost pressures hit that council and whether or not they need a variation because of the way that cost pressure hits that individual council. The variation process is the right point at which ESCOSA will have regard to that.

In regard to compelling information, it is through the variation process that that is going to happen because ESCOSA sets a cap and all the councils that work underneath the cap just go about their normal business and ESCOSA does not care. When they come in for a variation, that is the point at which ESCOSA says, 'Well, if you want more money than we think the macrofactors are impacting upon the cost structure of local government, that is the point at which we want to get down into the weeds and we are going to need some more information.'

Ms WORTLEY: My question, minister, is: what will be the cost to taxpayers for the role that ESCOSA will be playing and also the cost, individually, to councils? We have 68 councils that are going to be involved in this. We have ESCOSA out there doing the work. With 68 councils, it is going to be a full-time job; it is not something that is going to be run over a short period of time.

The Hon. S.K. KNOLL: I think this is a question that we have answered earlier on in the evening. The variation process, and the way that the cap time line works, is to mirror and fit in neatly with the existing budget setting process. If you read through new section 187G, it talks about things that the application must specify. Apart from things like saying you have to tell us what it is that you want and why you want it, it states that the likely impact of the proposed varied rate cap on ratepayers, including their capacity and willingness to pay, is something that councils would normally have to deal with as part of their budget setting process.

Paragraph (f) states that 'consideration has been given to reprioritising proposed spending measures'. Again, that is a normal function that a council would undertake: 'Look, we've got this bucket of money, what do we think is the highest priority to spend it on? Is there something that we can probably let fall off the back end?'

Paragraph (g), 'how the varied rate cap represents value for money for the council and its ratepayers' I think is a fairly structured straightforward question that would be answered through a normal budget setting process. In relation to paragraph (h), 'how the proposal is consistent with the

council's long term financial plan and infrastructure and asset management plan', those plans already exist; they are not new. This proposal is consistent with that because it is essentially saying, 'You've got to have one and this has to be in it, and if you are asking for variation it's obvious that that's going to be in it.'

From a council's point of view, there will be some work filling out a form and putting together the information. But to the largest extent possible, the information is going to already be there. I come back to the Barossa Council and their big project. They have been working on this for 12 to 18 months. They have consulted with every part of the community. They have weighed and assessed options and had discussions over a long period of time amongst their elected member base and they have formed this project.

If I look at that—and that is something they have done on their own as part of their normal budget setting process and the normal way they work out proposals—they have done what they need to do to comply with the variation. All they have to do is put a pretty ribbon on top and chuck it in. We expect that this will not necessitate councils needing to have a specialist resource. They just need to take the information that they should currently have, package it together and give it to ESCOSA. Now, if you talk about the full-time resource for ESCOSA, that is something the state government is taking care of.

Ms WORTLEY: Just carrying on from that, it is actually the taxpayer who will be taking care of it, as opposed to the government taking care of it. In the question, I also asked for a figure, an estimated cost, but there did not appear to be anything coming through with that—that was in relation to ESCOSA. Also, a concern raised through councils, residents and councillors is what will be the cost to the councils for the implementation of the rate capping throughout the year and also the training, consultation, correspondence and lodgement of variations.

The Hon. S.K. KNOLL: Councils already have to undertake consultation and councils already need to go through a budget setting process. Everything that we are asking councils to do as part of this rate capping variation determination process is something that they have to do already. There are some small things: when they apply for a cap, they have to tell us how much they want. That is something that they are going to determine as part of their budget setting process anyway.

Yes, there will be a few letters, there will be a few stamps and there will be some time, but we do not believe that this is going to be outside what they would normally do anyway. Yes, there is an application fee, but that has not been determined at this point and that is something that I am happy to get some guidance on when this is debated in the upper house. However, the answer is that there is not going to be much impost on councils. We do not want this to have much impost on councils. I know that in New South Wales they have a much more burdensome model, but that is not what we are seeking to achieve here.

Earlier on in the evening we were talking about the guidelines that ESCOSA is going to put out. When they do that, it will provide some guidance, and the clearer that guidance is the easier it will be for councils to put in a variation application. We do not expect it to need a huge specialist resource within councils; it will be something that their financial controllers will be able to put together as part of their normal process.

Mr HUGHES: You indicated earlier that this particular amendment bill was the start of the reform agenda, which has piqued my curiosity. You also mentioned New South Wales, in response I think to a question that I asked, and how the councils in New South Wales adjusted their depreciation formula when threatened with amalgamation. What that meant to the actual physical state of infrastructure, who knows? Can you rule out that, as part of your reform agenda, there will be no forced amalgamations of the 68 councils in South Australia?

The Hon. S.K. KNOLL: Yes.

Mr HUGHES: Okay; that is straightforward.

Ms COOK: Minister, earlier I think you said that there would not be a rate decrease anticipated moving forward under this regime but 187F talks about a varied rate cap determination that may be a positive or negative amount. Can you explain that?

The Hon. S.K. KNOLL: Essentially, as I read that and as I understand it, this is a section that exists interstate and has not ever seen a negative amount. What could happen, say, is that the cap is 3 per cent, and the council comes in for an extra 2 per cent. ESCOSA may turn it around and say, 'I am not going to give you two. I'm only going to give you one.' This essentially gives ESCOSA the ability to vary what a council has asked for in line with what it thinks is appropriate and what it needs.

Ms COOK: If a rate cap is determined for a given year and a particular council opts not to use that full rate cap for that year, can they roll that over and have a bigger rate cap the year after?

The Hon. S.K. KNOLL: No.

Ms COOK: This just wraps up some of the discussions that I have had with people. In New South Wales and Victorian situations, where rate capping has been applied, there has been a reduction in infrastructure and council services within a number of councils. In regard to this particular regime, then, how will it be any different from that experience interstate? I understand that when we had a bipartisan parliamentary committee regarding this, that committee found overwhelmingly for it to be a negative experience.

The Hon. S.K. KNOLL: There are a few things to say. The characterisation of that committee as bipartisan I think is a little bit rich considering that I understand we put in a minority report to the committee. Secondly, can I say that our model is not the New South Wales model—it is not the New South Wales model. The other side of the equation is that we are here to protect ratepayers. They are the voice that is so often lost in this debate. They are the ones we are here to protect. More than that, I have had an amount of correspondence from individual ratepayers who have said to me, 'There is no point in engaging with the budget setting process because I have tried to engage with it before and nothing has ever changed as a result of it.'

The Hon. A. Piccolo: Then how are you improving it? It's just a bit more of the same. That is what people said. The bill says you do more of the same.

The Hon. S.K. KNOLL: We are essentially putting an independent umpire—

The Hon. A. Piccolo: You said the processes are all the same.

The Hon. S.K. KNOLL: That's right, but you are essentially giving another voice or another process to have a look at this. We are essentially giving ESCOSA the power to look at this and for them to be able to make some decisions about what is appropriate and what is not appropriate. But I would hazard to say that the ratepayer voice is the one that has been ignored, and that is the one that we are seeking to stick up for.

This is the question: is it okay for councils to increase their revenue on an average annual basis at 6 per cent when at the same time state government's revenue has increased by something around 26 to 27 per cent? Is that okay? Do we think that 6 per cent is sustainable? I remember the former minister for health, the member for Playford, as he then was, saying that the rate of increase in health spending was unsustainable when it was about 5 or 6 per cent per annum. There have been figures that say that at some point the increase in the health budget is going to swallow the entire state government's budget.

The same thing is happening, but substitute 6 per cent rate increases on average and household budgets. Somebody needs to stick up for these people, and that is us. They are the voice that is lost in this debate. At some point, we need to change the conversation from how much extra we should take to what we can do with what we have got. As anybody involved in a budget setting process would know—and the member for West Torrens and any former ministers would know this—you have to take hard decisions. We have to take hard decisions because our revenue base fluctuates and forces us to. Councils do not have that in their system.

You talk about cultural change. Our culture has developed because of the financial pressures that are placed upon us as a government and as a parliament—

The Hon. J.A.W. Gardner: Or as a household.

The Hon. S.K. KNOLL: Or as a household, as a business. This is the way that we achieve the culture change. By voting this down, what those members who choose to vote this bill down are saying is that 6 per cent increases, three times the rate of inflation, are okay. Nobody has been able to put any argument to me or anybody on this side of the house that the cost increases to councils have been greater than inflation. In fact, if you go and look at the local government index, it works at roughly inflation—their own index. So if there was some sort of hidden cost burden that we do not know about, then somebody needs to come forward and talk about that.

But in the absence of that, we are going to stick up for the people who have to foot the bill. We make no apology for that. But we are not here to institute a harsh New South Wales cap. We are finding a middle ground, and we are working with anybody who will talk to us in a constructive fashion to do that. Through the conversations we have had back and forth about making sure that growth is incentivised, we are seeking to get that right. But somebody needs to stick up for ratepayers, and that is what this bill does.

Yes, it means that rates revenue will increase at a slower rate going forward. Nobody is hiding away from that fact—more money in the pockets of households; less money going into councils. It is self-evident. But if we cannot save something in the \$2.2 billion-a-year bucket, then we are not doing our job. That is our challenge, and that is what we are looking to do. That is why the South Australian people elected a Liberal government on a platform—because they are sick and tired of footing the bill for inefficient spending and massive increases. It is why we are here in the first place. If somebody wants to put an argument that is different from that, then the second reading speech may have been the most appropriate place to do so.

Ms HILDYARD: Minister, what has the additional bureaucratic function cost been in other jurisdictions that have introduced rate capping, both to taxpayers or ratepayers and to councils?

The Hon. S.K. KNOLL: The cost of our bureaucracy and regulation is going to be a mere fraction of what it is in Victoria. In Victoria, it is a couple of million bucks a year that their regulator got. Ours will be a fraction of that. The only reason that I cannot give a firm figure at this point is that this is part of a negotiation through the normal budget setting process.

Clause passed.

Clause 7.

The CHAIR: Just before we go on to clause 7, I remind members that the opposition had a good opportunity to ask questions in clause 6 because of the size of the clause. For the remaining three clauses, we will be going back to the usual practice of three questions per member.

The Hon. A. PICCOLO: What types of regulations does the minister anticipate under this clause?

The Hon. S.K. KNOLL: Is this clause 7?

The Hon. A. PICCOLO: Sorry, wrong one. My apologies; I was up to clause 8 already. I was ahead of time.

The CHAIR: Do you have a question on clause 7, member for Light?

The Hon. A. PICCOLO: Actually, no, I do not.

Clause passed.

Clause 8.

The Hon. A. PICCOLO: What regulations does the minister anticipate under this clause? I will just stay at that point, unless you want (a), (b) and (c) at the same time.

The CHAIR: You will not need it this time.

The Hon. S.K. KNOLL: This clause enables regulations to be made that address transitional issues that may result from the introduction of the rate oversight system. It is expected that any transitional issues will become apparent as ESCOSA develops its guidance on the rate oversight system and as councils finalise their annual business plans for 2018-19.

The Hon. A. PICCOLO: Would the minister foresee that a regulation to this could deal with clauses 5 and 6, where the sections are 187E(6) and 187F(4), and to reassure that the commission cannot reduce rate revenue?

The Hon. S.K. KNOLL: The regulation-making power under this is only in relation to savings or transitional provisions, so that is what it is limited to in the scope. I think the answer to your question is no. Having said that, ESCOSA is developing guidelines and regulations separate from guidelines. They may be able to do something as part of the guidelines.

The Hon. A. PICCOLO: But not legally enforceable.

The Hon. S.K. KNOLL: Guidelines?

The Hon. A. PICCOLO: Not on ESCOSA itself.

The Hon. S.K. KNOLL: If ESCOSA are going to set the guidelines, I think axiomatically they are going to follow them. I do not know why they would want to break the rules that they themselves set. If they want to change guidelines, they are able to do so. Again, ESCOSA have independence. Through amendment to section 273, we carry this sort of stick that we will hopefully never use, but if we feel that ESCOSA does something wrong, as we would feel that any government agency or department or statutory body does something wrong, to remedy that we need to change legislation, change regulation or a minister. In this case, ESCOSA reports to the Treasurer. There is still a chain of command where the normal decision-making processes still apply.

The Hon. A. PICCOLO: Chain of command? I thought ESCOSA were independent.

The Hon. S.K. KNOLL: Sure. They are an independent statutory body.

The Hon. A. Piccolo interjecting:

The CHAIR: Any further questions on clause 8?

Clause passed.

Clause 9.

The Hon. A. PICCOLO: The minister has indicated that under this bill there will be a review of the scheme after five years of operation. A little earlier, in answer to other questions, he referred to the tweaking of the system. Can he perhaps reconcile those two different views?

The Hon. S.K. KNOLL: Yes. We passed this clause. Under 187K, ESCOSA must, in relation to each financial year, give an annual report to the minister on the compliance of councils. ESCOSA must prepare a biennial report on matters referred to in subsection (1)(b) and (c). Again, that is about rate capping determination. A report under subsection (3) must be given to the minister within three months after the end of the second financial year to which the report relates.

There is an annual report on compliance of councils, there is a biennial report on outcomes, there is a five-year review of the act, but there is also a commitment from me that if something needs to change—

The Hon. A. PICCOLO: That is in the bill, your commitment?

The Hon. S.K. KNOLL: No. Having said that, if somebody believes that there needs to be a review of some of these levels—and I note that there are three reviews over here already—if somebody believes we need to do something in a formal and statutory way within 12 months, then I am happy to have that discussion. This bill is broad, enabling legislation. I think that what we are going to be talking about here is changes to the way this operates at the margins. I do not know that that is going to necessitate an amendment to the act. It may take the form of a different form of direction but, having said that, we are open to having a discussion about any sort of review mechanism that anybody would like to suggest.

Ms COOK: Can I confirm who this review will be done by, the one that is due in 2023? Who will be undertaking it?

The Hon. S.K. KNOLL: Can you say that again?

Ms COOK: Who will be undertaking the review in 2023? Who is going to do the review and report that must be completed by 31 December? Is ESCOSA going to review itself?

The Hon. S.K. KNOLL: The bill is silent on the matter. By that time, maybe the member for Light will be the minister and he can pick who does it. I know this is slightly unusual, but in relation to the question, member for Light, that you asked about regulation-making powers for those two clauses that you talked about, the reason that we need those powers there is that—and we had this discussion about the fact that councils doing what they do that rate cannot be invalidated—what these two sections do is give ESCOSA, if there is a council that either makes a mistake or cheekily tries to get some extra revenue, the power to say, 'Well, you didn't comply. You went for a 10 per cent increase. We're going to peg you back.' Those are the two sections that give them the power to do that.

The Hon. A. Piccolo: Of great concern to me is the fact that there are two provisions in that act that enable revenue to be actually reduced in a negative sense and—

The CHAIR: Member for Light, do you want the call for a question?

The Hon. A. PICCOLO: Yes, thank you. In response to the minister's comment a little earlier, when he said that this has actually never happened in New South Wales, if it has never happened, it is not required, why is the provision there in the act?

The Hon. S.K. KNOLL: It is there as a reserve power. There are many laws that we enact that we hope we never have to use. I suppose what we are seeking to do again is give flexibility to ESCOSA to deal with the situations that exist in front of them.

Ms COOK: Can I go back to my first question, please. You did not give an actual commitment on who. Well, can I put it another way. Is it anticipated that this review and report will be undertaken by an internal or an external agency?

The Hon. S.K. KNOLL: By way of an example, when we made the changes to the Return to Work Act 2014, as part of that a review needed to be conducted, I think three years after the application of that act. The attorney-general at that time got John Mansfield to do that review. He had a clause like this. In relation to the security payments, there was a five-year statutory review clause. The attorney-general, as he was then, got a retired judge to do that review.

The Hon. A. Piccolo interjecting:

The Hon. S.K. KNOLL: This is the same thing. This is the clause that we would expect to be used in the same way.

Ms COOK: Given that this review is set for a year after the next state election, it then removes from electors the ability to judge the process that has been put in place, which was a pretty big part of the election platform of the Liberal Party.

Mr Pederick: And we won. That's why we're here.

Ms COOK: It was pretty big. It did not work in our area, but it was pretty big. What consultation with the community regarding the operations of this do you anticipate happening over the next few years?

The Hon. S.K. KNOLL: An annual review into compliance; a biennial review into outcomes, whereby that outcomes review will look at how rate capping affected the way councils do what they do; and a five-year statutory review. Three different mechanisms.

Clause passed.

Title passed.

Bill reported without amendment.

Third Reading

The Hon. S.K. KNOLL (Schubert—Minister for Transport, Infrastructure and Local Government, Minister for Planning) (22:16): I move:

That this bill be now read a third time.

Bill read a third time and passed.

PUBLIC FINANCE AND AUDIT (MISCELLANEOUS) AMENDMENT BILL

Introduction and First Reading

Received from the Legislative Council and read a first time.

**CRIMINAL LAW CONSOLIDATION (CHILDREN AND VULNERABLE ADULTS) AMENDMENT
BILL**

Final Stages

The Legislative Council agreed to the bill without any amendment.

At 22:18 the house adjourned until Wednesday 25 July 2018 at 10:30.

*Answers to Questions***MINISTERIAL STAFF**

62 Mr KOUTSANTONIS (West Torrens) (30 May 2018). What are the names, titles and salaries of ministerial staff working for the minister at any stage between 18 March 2018 and 15 May 2018?

The Hon. S.K. KNOLL (Schubert—Minister for Transport, Infrastructure and Local Government, Minister for Planning): I can provide the following information—

The names, titles and salaries of ministerial staff working within the Office of the Minister for Transport, Infrastructure and Local Government between 18 March 2018 and 15 May 2018 are:

Name	Title	Salary
Sarah Taylor	Chief of Staff	\$160,000
Courtney Nourse	Ministerial Adviser	\$109,000

STROKE SERVICE

102 Mr PICTON (Karna) (20 June 2018).

1. What are the individual approved leave dates for both stroke specialists this year?
2. Who is the CALHN officer who approved the leave for each specialists?
3. On what date was each specialist's leave approved?
4. On what date were policies changed regarding leave as referred to by the minister in question time on 19 June 2018?
5. What is the relevant section of the policies regarding leave referred to by the minister in question time on 19 June 2018?
6. What was the response by CALHN to the minister's request to shorten the specialists' leave as referred to by the minister in question time on 19 June 2018?
7. During the period in which the two specialists are on leave concurrently—how many hours will the third junior specialist be on call, and how many hours will not be covered by on-call staff?
8. Has CALHN or SA Health contracted the specialist at Flinders to help cover this period and if so what is the cost of that contract?
9. Have any staff been cautioned or had disciplinary action commence because of the concurrence of leave of the two stroke specialists?

The Hon. D.C. VAN HOLST PELLEKAAN (Stuart—Minister for Energy and Mining): The Minister for Health and Wellbeing has been advised:

1. Given the unexpected unavailability of a locum and the specific circumstances of this matter, one of the INR specialists who had planned to take leave in July changed their leave plans to allow them to be on the INR roster.
2. The approver for leave is the Campus Clinical Head, Royal Adelaide Hospital.
3. The original periods of leave were approved in January and February 2018, on the basis that a third INR specialist would be available to provide 24/7 cover for this period.
4. Revised rostering principles were released earlier this year.
5. Under the rostering principles, it is stated 'Rosters must ensure that there is sufficient and appropriately skilled staff rostered to work in order to provide appropriate patient care and meet anticipated service demands.'

While on-call cover can be provided by one INR specialist, it is accepted that the particular circumstances surrounding the period of time for the cover in this case means that the applications for leave should have been considered more diligently. For this reason, an interstate locum had been contracted to provide support during this period, however, was unable to fulfil the contract due to unexpected circumstances.

6. As detailed above, one of the INR specialists who planned to take leave changed her leave plans to allow her to be on the INR roster for the period in question.
7. There is no longer any concurrent leave. The third specialist is not a 'junior' clinician but like her colleagues is a senior consultant radiologist and is one of about 40 qualified INR specialists across Australia.
8. Arrangements were put in place for the INR specialist at Flinders Medical Centre to provide support for part of the period (from 1 July 2018 – 5 July 2018) if required. This was not needed due to the change in leave plans.

9. No. A new Campus Clinical Head was recently appointed, commencing in July 2018. The first task for the Clinical Head will be to better manage the co-ordination of annual leave amongst clinical staff.

KEOGH CASE

In reply to **Mr KOUTSANTONIS (West Torrens)** (4 July 2018).

The Hon. V.A. CHAPMAN (Bragg—Deputy Premier, Attorney-General):

It is a matter for Mr Keogh as to whether he wishes to disclose the identity of his legal representatives.