

HOUSE OF ASSEMBLY – SOUTH AUSTRALIA
Extract from Hansard

28 July 2011

LOCAL COUNCIL REFORM

The Hon. R.B. SUCH (Fisher) (11:29): I move:

That this house notes with concern the lack of will by the state government and metropolitan councils to undertake meaningful and cost effective reform.

Members would be well aware that this is one of my passions, a hobbyhorse. I intend to keep pursuing the possibility of reform at local government level. It is not in any way based on any animosity towards the local government sector. As members know, I used to be in local government quite a while ago and have great respect for the people who are in there as paid staff or as volunteers.

The reality is that we have, in my view, more councils in the metropolitan area than we really need. If you put in Mount Barker, we have 20 councils.

I do not know what the precise number should be, that is why I have always argued that it should be looked at by a retired judge, similar to what has happened in New Zealand, and I would urge members who are interested in this subject to have a look at the process in New Zealand where they actually have a royal commission to look at local government reform. It has been done in Auckland, it has been done in Christchurch and it has been done elsewhere.

I suspect that is probably the only way we will ever get significant reform here, and it will only happen if the major parties agree to support such a process. I have been given some material by the Property Tax Reform Association under the signature of Bruce Pennington who is one of the members. In a recent letter—and I share these views—in relation to council amalgamations (my proposal is reform generally but he highlights council amalgamations) he says:

We feel that there is a great need for reform in this area, and to that end I have compiled compelling information as to why we need urgent council amalgamations. The information I have provided you shows the following:

- South Australia has the highest number of councillors and local government employees per capita in Australia;
- many councils have increased rates well above the CPI;
- PricewaterhouseCoopers reports that 26 councils in South Australia are financially unviable;
- 63 per cent of metropolitan councils operate in deficit; and
- there is a major duplication of resources.

Accompanying that letter he has provided some statistical material, and I will just highlight some of those. Once again I am not suggesting that we necessarily have one council, but the comparison between Brisbane, which does have one council, and the 20 councils in Adelaide, if you include Mount Barker (19, obviously, if you do not), is quite stark.

Brisbane, one council; Adelaide, 19, plus, if you add, as I say, Mount Barker 20; population Brisbane, 1.07 million; Adelaide 1.2 million (so, fairly similar). The number of chief executive officers: obviously in Brisbane you would have one; here we have 19, or 20 if you include Mount Barker. The cost of the CEO salaries: \$410,000 in Brisbane; the cost here is \$7 million for the 19 councils, plus Mount Barker.

The number of councillors: in Brisbane they are paid, there are 26; here they get an allowance plus expenses. There are 276 in the 19 councils in Adelaide. The salaries for councillors: in Brisbane totals \$4.8 million; here, for the allowances for those volunteer members, \$5.26 million. The rate revenue they are dealing with: Brisbane, \$1.26 billion; Adelaide metropolitan area, the 19 councils, \$800 million.

Just on the basis of one item alone, the salary of the CEO, there would be significant savings—\$410,000 as against \$7 million plus. That is only one cost factor, obviously, but there are others. I make a prediction that, come the next election, one of the key issues will be cost of living. It will not just be water, electricity and gas prices, it will also be council rates. I have a chart for all the council rates for 2011-12. These council rates are becoming very significant.

The Marion council rate, based on a house with a residential capital value of \$700,000 (which, by today's standards, is not an extravagant house), the rate is \$2,134. That is a lot of money—basically, \$40 a week. If you look at Onkaparinga, which is a council in my electorate, theirs is very similar at \$2,145 annual rate for a capital value of \$700,000. Some other councils are more and some are less.

The costs being borne by ratepayers are significant and that will be part of the factoring-in that ratepayers and taxpayers (voters) make come the next election. Any member, I believe, who is listening to their community would be told that their constituents are hurting, particularly those on modest incomes. They are being hurt really severely.

The Land Tax Reform Association did an analysis in relation to seven councils and what they could save if they were amalgamated. I am not supporting that number for amalgamation: as I said at the start, I do not know what the desirable number is. They have done an analysis of these councils and the savings if they were one council: Burnside, Campbelltown, Mitcham, Norwood, Prospect, Unley and Walkerville. Obviously, you would have one CEO, as opposed to seven, and the number of councillors would drop from 86 to 22. The savings in rate revenue, based on a reduction in CEO numbers and other senior staff, plus other cost savings, they have estimated at \$31 million. I guess we can argue about whether that amount is exactly correct but I believe it is an indication of the sort of savings.

The savings in those seven councils expressed per ratepayer they have calculated at \$249 per annum per ratepayer. That is significant. I believe the savings would be even greater than that because, if you could standardise policies and procedures and share computers instead of, as happens now, each council spending a lot of money doing their payroll and having their own computers and so on, a lot of those things could be simplified and there is potential for a lot of additional savings.

If you look at the statistics for South Australia, as I indicated earlier, we have the highest number of councillors and local government employees per capita. In South Australia we have 68 councils for a population of 1.6 million: Victoria has 79 councils (only 11 more) for 5,567,000 people. You can go through the list to see that South Australia is overdone in terms of the number of councils.

You can look at some of the individual councils. For example, if you look at the City of Adelaide, it has something like 600 staff, which is bigger than many government departments—not all government departments but a lot of them. The City of Onkaparinga, likewise, has about 600 staff. I think Marion council has about 380, close to 400, staff. I am not suggesting those people would immediately lose their jobs because that would be unfair and ridiculous but, over time, obviously, you would not replace people who have retired, and so on.

The issue is how you go about it following a royal commission. The critics of what I am suggesting say, 'You are taking the local out of local government.' I do not believe that is correct. What they have done in New Zealand is create local advisory committees with unpaid people who give advice to their council on issues, and it seems to work very well indeed. In fact, people have more say than they currently do under our system.

Some people in local government say, 'What about reforming state government?' I say, 'Hear, hear!' 'What about reforming federal government?' I say, 'Hear, hear!' I am not against reforming those areas as well. I think there is scope for a lot of reform because, in terms of government, Australia is 'over governed' (the term which is used). I think there is some element of truth in that.

I want to keep this issue bubbling along. It sometimes takes quite a while to get reform and change, but I think inevitably we will get to a point in South Australia where, in the metropolitan area, we need to look at whether we need 19 councils from Gawler to Noarlunga. You can just about throw a stone from one council chamber to the other, from one works depot to the other, and it is hard to justify that when the cost is borne by the ratepayer.

What we need is efficiency and effectiveness. We do not want to curtail people's input or the opportunity to have a say, but you have to ask why we need from Gawler to Noarlunga 19 mayors, 19 personal assistants for mayors, 19 cars for mayors, 19 council chambers, 19 works depots and so it goes on and on.

Hon Dr Bob Such MP
Member for Fisher

In terms of businesses operating, they are dealing with 19 entities—and as I say, if we put in Mount Barker it is 20—which means that, whenever someone wants to build a property or do anything like that, government agencies have to relate to those 20 councils just in that small area. That is a very time-consuming and costly operation. I put the motion. I intend to keep pushing this issue and I look forward to the day when the state government, supported by the opposition, really gets serious about meaningful reform of councils in the metropolitan area.