

LOCAL GOVERNMENT AMENDMENT BILL 2011

Consideration in Detail

Clauses 1 to 2 put and passed.

Clause 3: Act amended —

Mr P. PAPALIA: This question refers more or less to the number of clauses that deal with disqualification due to membership of Parliament. I note that the explanatory memorandum states in part —

Under the current provisions of the Local Government Act, a councillor elected to state or federal Parliament can continue in their role until the next local government election.

If, apart from the much publicised, and to the minister probably a bit embarrassing, case of the member for Mount Lawley conducting his campaign for tea sets for recognition of long-serving local government members—I say this only because the member is here!—were any conflicts of interest identified that drew the department's attention to this matter? I understand complaints may have been made by individuals who suggested there was potentially a conflict of interest. Does the minister have any specific example that led to this particular action?

Mr G.M. CASTRILLI: Off the top of my head I cannot recall any specific incident of any conflict of interest. However, this has been identified as a potential conflict of interest, because a situation may arise in which a member of this house is eligible to sit as a councillor of a particular local government and this house may have dealings with that local government, and therefore potential conflicts of interest may arise. We want to be absolutely clear that we want to avoid that, so we have gone down this path to get rid of any potential conflicts that may arise.

Clause put and passed.

Clauses 4 to 12 put and passed.

Clause 13: Section 5.39 amended —

Mr P. PAPALIA: I have received, as the minister has no doubt received, approaches from Local Government Managers Australia, WA branch, about its concerns with this amendment. I note in the second reading speech and subsequently that the minister stated that 39 per cent of councils failed to comply with or exceeded the amounts set in the Salaries and Allowances Tribunal guidelines. However, it has been suggested to me that when we delve into those figures, they may be greatly skewed by remote and regional councils, but as I stated in the second reading debate, these councils are probably driven by the need to attract appropriately qualified and suitable staff to remote localities that do not offer the amenity of metropolitan councils and are therefore by necessity forced to exceed the guidelines. Can the minister provide a breakdown of that figure of 39 per cent on where these councils are located and by how much they exceed the guidelines, so that I can ascertain whether that is a fair assumption? When the minister says that 39 per cent of councils exceed the guidelines, it sounds excessive and indicates a significant departure from these guidelines by councils across the state, whereas, in reality, that figure has been incredibly distorted by the situation in regional and remote councils.

Mr G.M. CASTRILLI: That figure was extracted from the Salaries and Allowances Tribunal report, which I tabled for the member last week.

Mr P. Papalia: So you don't have anything else from SAT?

Mr G.M. CASTRILLI: The department does not; we got the extract from that report, which said that something like 39 per cent of councils were paying over the odds. In that report, there was a list of considerations that SAT looked into, as well as some exclusions from the CEOs' total reward package, including the isolation location allowance. That does not stop a council paying that allowance as a separate item, but SAT did not want that to overinflate the package. SAT considers a wide range of factors—the whole box and dice about market conditions, availability and all those sorts of things. I am sure that when it makes a determination, SAT will take into consideration every conceivable factor; and if it needs to change some of those settings, it will consider that point.

Mr P. PAPALIA: Some information has been provided to me by the LGMA, which is not surprisingly very interested in this clause. It undertook to do some research of its own, and it provided an analysis to me showing that three, or 10 per cent of, metropolitan and large regional cities paid salaries over the band; 18, or 25.7 per cent of, councils in the agricultural region paid over the band; and of 25 remote councils, 12, or 48 per cent, exceeded the recommendations or guidelines. Firstly, does the minister consider that might be accurate, because it sounds pretty reasonable to me; and, if that is the case, could the minister make some observation on that for the record? One of the concerns that has been articulated to me by the LGMA is that there has been a bit of

political manipulation of the debate through the use of this 39 per cent figure provided by SAT, which suggests that somehow there is a rotting of CEO wages and that they are excessively overpaid right across the state, when in reality on the basis of these figures, it is only a few. Assuming that agricultural, regional and remote councils have to pay in excess of the odds, as the minister suggested, just to attract people, it is not surprising that a number exceed the guidelines. In fact, if we exclude what is paid to CEOs in remote and agricultural councils, what is being paid to CEOs across the state would largely comply with the SAT guidelines.

Mr G.M. CASTRILLI: Like the member for Warnbro, I have had representations from the LGMA; in fact, the majority of representations have been from the LGMA, and from what the member has indicated, he probably understands why. I have no reason to dispute those percentage differences between city, regional and remote councils. The Salaries and Allowances Tribunal is very experienced in setting salaries. It does it for me, the member and everybody else in this chamber, and for the upper house as well. I dare say SAT will take into consideration a range of factors, such as those I have mentioned before and what impacts on each individual local government. Anybody can make a submission to SAT, including the councils and the CEO—whoever wants to make a submission—when it determines that range. I have absolute confidence that SAT will be able to identify the factors that pertain to each local government. It may be that some CEOs get an increase. Has the member for Warnbro thought about that? SAT considers factors such as market conditions, and I have every confidence in SAT to determine that—I really have. The majority of people who have approached me on this have been members of the LGMA.

Mr P. Papalia: I may have asked the minister this already, but could he confirm that consideration has been given to increasing the resourcing to SAT to accommodate this additional task load of assessing 138 CEOs, or whatever number we end up with, across the state?

Mr G.M. CASTRILLI: The member has asked that before, and I think I said in reply that at the next budget round the Salaries and Allowances Tribunal will put forward a submission on the extra resources that it may require.

Mr P. PAPALIA: I forewarn the minister of my intention on this. The minister would also have received this letter from the LGMA. I undertook to pursue the key points that were raised and to get them and the minister's response in *Hansard*. That will probably cut out the middleman for drafting letters in response to their request, because it was forwarded to the minister only a couple of weeks ago. The LGMA asked a series of questions: firstly, given that a council, which consists of elected members of the body corporate, is the employer, why should councillors not determine the remuneration of their CEO?

Mr G.M. CASTRILLI: There is a bit of an issue here. The LGMA or some CEOs have approached me complaining that some councillors should not be determining their wages because they do not quite understand—for want of a better word; I am struggling to find a better word—the issues. On the one hand, they do not want councillors to sit in judgement of their performance or to determine their salaries, and on the other hand they are asking why they cannot now go and do it.

Mr P. PAPALIA: In response to that, in fairness, the representative body is the peak body, Local Government Managers Australia. Regardless of whether individuals of their own accord have approached the minister, it is fair for LGMA to seek a response as the representative body.

Mr M.W. Sutherland: By way of interjection, minister, the councillors can also be told a lot of things by the staff about what current salaries are and all the rest of it.

Mr G.M. CASTRILLI: I was not going to go there, but I thank the member for Mount Lawley. Now I have lost my train of thought.

The member asked a legitimate question. This also goes back to the public and transparency and everything else. I understand that different local governments will have different factors that impact on attracting people. I have every confidence that the Salaries and Allowances Tribunal will certainly take into consideration all those factors that we are talking about. I have no problems with that.

Mr P. PAPALIA: I think it is raised later in the letter, but a lot of the grievance on behalf of LGMA associated with this initiative lies with the suggestion that CEOs as individuals are being isolated, picked on and chosen as the targets. LGMA might suggest, quite reasonably, that that is a good political ploy because everyone thinks of fat cats when they think of CEOs, and if the government is trying to bash councils into submission on some sort of political argument about amalgamations or any other issue, and if it wants to garner any sort of public support, the easiest way to do so is to have a crack at CEOs because they are the heads of the authorities and can be publicly identified. Some of the larger councils in particular have a lot of executives and professionals and a lot of other people whose salaries we have not chosen to be determined by SAT. As we will get into later, this letter shows that there is a sense of isolation and a feeling that CEOs are being targeted. How did we arrive at the point

whereby the only ones whose salaries will be determined by SAT in the local government sector, apart from the elected officials, will be the CEOs?

Mr G.M. CASTRILLI: Member for Warnbro, that is not my case; that is not where I am coming from. They are professional people. The head and the public face is the shire president or the mayor of the council. CEOs are being treated in the same way as heads of government departments. There is nothing on my behalf to say that we will isolate them and use them as a political football—none whatsoever. One can always talk about the different rates paid for the CEO's salary per head of population in Perth compared with the rates paid per head of population in regional and remote areas; I can tell members that there is a great big difference. This is all about transparency for the local community when the rates keep going up all the time, and it is across a range of local government enterprises. If the member is saying that I am doing this to identify and pick on CEOs because they are an easy target, that is certainly not my intent.

Dr J.M. WOOLLARD: I guess that I have the same letter as the member for Warnbro. Is the letter that the member for Warnbro referred to the letter from Murchison Country Zone?

Mr P. Papalia: No, that is a different one.

Dr J.M. WOOLLARD: This letter refers to proposed amendments to section 5.39(7) of the Local Government Act. It goes on to say how they believe that if the Salaries and Allowances Tribunal were to set their salaries, it would cause hardship in employing people in country areas. I wonder whether the minister is able to table in this house the current salaries of CEOs and deputy CEOs of local governments throughout Western Australia. I find it very difficult to understand why many of these CEOs earn more than ministers. I am not sure whether some of the larger CEOs earn more than the Premier, but it would not surprise me.

Mr P. Abetz: They do; they earn 400 grand.

Dr J.M. WOOLLARD: They earn more than the Premier of this state. People have come to my office and complained when the salary of the CEO of the City of Melville was determined by a small group of people and increased despite all the problems. The minister may not be aware of the problems within the City of Melville relating to losses and the community wanting public open space saved. I will not go into all the issues, such as the high-rise development at Canning Bridge.

Returning to this bill, I remember when I first became a member and I was phoned by a member of the media and asked about a salary rise for members of Parliament. My mentor at that time was Hon Phillip Pandal. Before I responded to the media query, I phoned Phillip and told him about it. He told me that he had been in Parliament for many years and he believed that this is a fair way to establish salaries because it is done by someone independent; someone else looks at your work and what people earn in equivalent positions. He said that it is a much fairer way to set a salary. I gave that same response to the media. I believe that certainly my constituents would be much happier with the minister's amendments in this bill than the current system whereby the sky seems to be the limit for some CEOs.

Mr G.M. CASTRILLI: Last week in my reply to the second reading debate, I tabled a document titled "Salaries and Allowances Tribunal Report under Section 7A of the Salaries and Allowances Act 1975: Local Government Chief Executive Officers". This report outlines the bands, but I cannot give the member the actual salary or remuneration package of each local government because I am not privy to that.

Dr J.M. Woollard: Does the minister not know what each council has?

Mr G.M. CASTRILLI: No, but I can give the member the details of the salary bands. In terms of what the member for Warnbro and I both know through salaries and allowances, they have estimated 39 point something per cent. I am not sure whether the member for Warnbro knows the exact figure.

Mr P. Papalia: I think you said 39.

Mr G.M. CASTRILLI: Just over 39 per cent of local governments in Western Australia pay over the salary band recommendations. The total reward packages in each band are: band 1, \$113 803 to \$153 934; band 2, \$126 980 to \$172 502; band 3, \$140 158 to \$189 871; band 4, \$150 939 to \$204 845; band 5, \$165 314 to \$223 414; band 6, \$183 284 to \$247 971; band 7, \$203 648 to \$275 524; band 8, \$222 216 to \$300 081; and band 9, \$241 382 to \$327 034. They are the current bandwidths.

Dr J.M. Woollard: Which band does the City of Melville fit into?

Mr G.M. CASTRILLI: The City of Melville fits into band 8.

Dr J.M. Woollard: I apologise; I had meant to speak to the bill during the second reading and I was quite surprised when the minister stood and gave his response because I had expected more people to speak on the bill. If I could get a copy of that tabled document, I would appreciate that.

Extract from *Hansard*

[ASSEMBLY — Tuesday, 29 November 2011]

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Mr Paul Papalia; Mr John Castrilli; Dr Janet Woollard; Mr John Bowler

Mr G.M. CASTRILLI: It has been tabled and will, I suspect, be a part of *Hansard*. However, we can get a copy now that will give the member details of the bands for each local council. Some local councils do not provide specific details of the chief executive officer's salary, citing commercial in confidence. The member can request that information from individual councils, but whether they will provide it is another story. I can provide the member with a document about the band for each council; however, I cannot tell the member what those councils actually pay or remunerate the CEO, bearing in mind that nearly 40 per cent of councils pay over the odds.

Mr J.J.M. BOWLER: I briefly questioned the minister about the grandfathering of existing payments received by chief executive officers, and the minister said that there was provision for that and that if the contract had a renewal clause, it could be renewed. The minister expressed concern about councils around the state suddenly drawing up new contracts despite having done so only six months ago. Opposite to that are the councils with very good CEOs who pay over the odds, as do many in my electorate, to attract CEOs, and good CEOs, to relatively remote and small communities. If their contract is up within months of this legislation coming in, and although they can maintain that remuneration level for the next few months, obviously they will not be around after that. I can tell the minister now that shires such as Menzies—there are others in my electorate—have advertised in the past for a CEO and there has been no mad rush to fill those positions. I worry, firstly, that we are going to lose good existing CEOs and, secondly, that councils will fail to attract the quality of CEO that they have now and have had in the past, and that the standard will simply diminish.

Mr P. PAPALIA: On the same subject, I would like to support the member for Kalgoorlie's observations with regard to the grandfathering clause. It is a concern. I am sure that he has, as I and the minister have, been approached by the peak body and other individuals who see this as a threat to a council's ability to retain a good CEO once found. When talking to local councils around the state, they know whether they have a good CEO, and others know too, and everyone knows the CEO is likely to be poached if the council is not able to match the offer or at least make the package more attractive. I feel that the need to grandfather is a fair consideration to provide protection, particularly for those local councils in remote and agricultural regions who want to retain people. Information given to me by Local Government Managers Australia identifies that some 48 per cent of councils in the remote areas are exceeding the SAT guidelines—by necessity, I would suggest. They are not doing it because they want to pay more than they need to. They are doing it because they have to if they want to attract good people with the qualifications and the skill set needed to do the job. The councils have to be able to do what they do for doctors—pay over the odds.

Mr G.M. CASTRILLI: I will respond to both members at the one time. When the member for Kalgoorlie initially raised the matter, I said that I would listen to any reasonable argument. I did not speak about accepting a grandfathering clause, but I did say that I would listen to reasonable argument. I will just say that I am not legally able to provide a grandfathering clause. Under the current Local Government Act, chief executive officer contracts cannot be for any more than five years, and contracts that are in place now are not touched—they stay as they are. If a council has advertised for a CEO at a certain rate, the amount stands. After the member's comments, I looked into this and the State Solicitor's Office advice is that the transitional provisions in the Local Government Amendment Bill apply to contracts entered into, renewed or advertised before the change to section 5.39 comes into operation. A CEO must be employed on a written contract under section 5.39(1), which provides for an expiry date. As I just said, the term of the contract cannot exceed five years, and the contract can be renewed. The renewal of an existing contract after this time will be required to be in accordance with a determination by SAT. Any contract that comes into play after the amendment bill is passed will be subject to the provisions of the amended act.

Mr P. Papalia: Is that at the time of royal assent? When is the actual cut-off point?

Mr G.M. CASTRILLI: When the provision is gazetted.

In saying that, in making its report SAT has extensive powers to inform itself and can accept written and oral submissions—which I think I have mentioned previously to the member for Warnbro—and it can also seek advice from the CEO of the Department of Local Government. One of the latter clauses provides for the CEO to nominate someone to assist SAT by providing information about a particular local government. SAT has contracted work-for-value assessments for CEO positions and regularly updates its remuneration data. It also considers a wide range of economic and labour market data when making its report. SAT is also able to undertake whatever research it considers necessary on issues to determine future values. All interested parties, including local government councils, CEOs and the like, will be able to make submissions to SAT for consideration to determine the bandwidth and level of remuneration. SAT clearly stated in its report into CEO salaries on 24 June 2011 that, although attraction and retention allowances are considered to be a part of a CEO's total reward package, isolation and location allowances and relocation expenses are not. As I previously said to the member for Warnbro, that does not preclude the council from paying those costs; however, they are not to be

lumped in with and inflate the overall remuneration package. I understand that councils can, if they wish, pay those costs.

In the forthcoming year, SAT's survey of current CEO's remuneration proposes to clearly distinguish between those items regarded as part of the total reward package and those amounts to be paid or reimbursed. They will be gone through and I think it is fair to say that if it is determined that any adjustment is needed, I have every confidence that the adjustment will be made.

Mr J.J.M. BOWLER: Minister, it is fair to say that we have to ask ourselves why we are doing this. When I was Minister for Local Government and Regional Development, I thought it rather ridiculous that the minister responsible for local government in the state earned far less than many of the chief executive officers working in local government. Is it more the case that we have to start paying the Premier and our ministers more, rather than paying the others less? I am not asking the minister to comment on whether he should or should not earn more money. I am not a minister, so I can make those sorts of comments. The fact of the matter is that local government CEOs are in charge of X number of workers and X volume of budget, and that should be compared with a minister of the Crown or the Premier. I refer to nurses, teachers and police officers—the big three consumers of the state budget; even those very valuable people in society receive far less remuneration than does any local government CEO. Just because we have this problem with state government pays, is that a good reason that we go and tackle it and create this problem in local government? It is hit and miss. If we delve into it, we may find that some CEOs are overpaid and some are underpaid. I will give a good example. I do not know what Jim Epis, CEO of Leonora, is paid. I suspect he is well outside the band; I hope he is. If members drive down the main street of Leonora now, and they could go back in time 15 years, before Jim became the CEO, and drive down that same street, they would agree that whatever Jim Epis is being paid, it is not enough. Leonora is the most progressive town in my electorate. It looks beautiful. It has new facilities. He keeps pestering me to get new facilities from the state government. He pesters the federal government. He has gotten more out of the federal government than any town in Western Australia has. I suspect that on the day this legislation is introduced, Jim Epis will resign. Without upsetting the others, I think he is clearly the best CEO in my electorate. One only has to look at Leonora to know that.

The minister is saying that he has had legal advice that there cannot be a transitional grandfathering clause. I think lawyers come along and give advice that they think the minister wants to hear. Surely we can have a grandfathering clause under which somebody being paid a certain amount can at least remain on that amount with, say, consumer price index increases; therefore, it would normally go up. How would any of us like to be at the will and whim of the Salaries and Allowances Tribunal and find that suddenly it has determined that we are going to get a 30 per cent or 40 per cent pay drop? How would anyone in Western Australia like that? How would teachers, police, nurses, ministers, Premiers or judges like that? I have never heard the like of it. I urge the minister to tell me where, in any profession in any part of Western Australia, anything like this could have occurred before.

If this legislation is passed and the pay bands are in place, people going into local government can go in with eyes wide open and fully understand what they are going to get paid into the future. But it is not fair for those who currently receive those remuneration packages. That is why I urge the minister once again to contact the people in the department and see whether there is a transitional or grandfathering clause that will give them some satisfaction. Moreover, it is just that they should not receive a big pay drop, because nowhere in the state's history has anyone received a significant pay drop such as this is going to cause some very good people in local government. Only the best in local government will cop the pay drop.

Mr G.M. CASTRILLI: Member for Kalgoorlie, I have looked into it. The advice is that I cannot do it at the moment, but I am prepared to have another look. The member makes the assumption that there will be pay drops. It may well be the case that there will be pay increases, as in the case of CEO of Leonora. Each CEO and each council will be able to make a case to the Salaries and Allowances Tribunal. They will absolutely be able to do that for higher pay than what the bands are. The Salaries and Allowances Tribunal will have the power to vary its determination on a case-by-case basis. As I have said to the member for Warnbro, I am very confident that it takes into account all the labour market and economic conditions. It will take into account all the bits and pieces, as it does in determining rates of pay for the member and me. We all understand the Salaries and Allowances Tribunal is very experienced—I think it is; I am not sure whether anybody else does. It is very experienced in determining a broad range of considerations. It looks at a whole range of things. I do not think I need to read them all out; it is quite extensive. Basically, it is about transparency as well. As I say, I have every confidence in the Salaries and Allowances Tribunal. It will look at a whole range of factors. As I say, CEOs could get a pay rise. Let us not discount —

Mr J.J.M. Bowler: Minister, it is almost like begging for your own pay. We don't go and do that.

Mr G.M. CASTRILLI: Member for Kalgoorlie, when I came into this place, I did not have a clue what the pay rates were. I am very happy with the pay rate that I am getting at the moment.

Mr J.J.M. Bowler: I am not talking about you; I am talking about CEOs almost having to go and beg for their pay.

Mr G.M. CASTRILLI: No, it is not. Do the member and I go and beg to the Salaries and Allowances Tribunal when we get our pay rates? We do not. We can make submissions. This is exactly what the CEOs of every individual local government can do. Their councils can go and make submissions as well. I am very relaxed about the process they can undertake to make submissions, like the member and I can, either individually or the party does on our behalf. I am very relaxed about that.

Like I said, there are obviously different circumstances. The member and I both know that in the Perth metropolitan area, one council is paying around \$4 or \$5 per head of population and some councils out there are paying a lot more—well over \$1 000 per person. That is because of circumstance. I am not saying anything about that, but I reiterate that the Salaries and Allowances Tribunal has extensive powers to go and look at every individual council, receive submissions, look at all the economic conditions—the whole box and dice. I am really relaxed about that. I will recheck about the grandfathering clause. My advice at the present time is that I cannot do it—that is from the State Solicitor's Office.

Dr J.M. WOOLLARD: It was interesting to listen to the member for Kalgoorlie's comments when he said that some people may jump the gun and get in early to renew their contracts. That has already happened. In my area, a contract for a CEO that was not due to be renewed until later this year has already been renewed. From the briefing I had on this bill, it is my understanding that a CEO will continue to be paid the amount on their current contract, but if there is a renewal of their contract, they will also be paid the same salary for that renewal of contract. For some CEOs it could be —

Mr G.M. Castrilli interjected.

Dr J.M. WOOLLARD: So it is just for the current contract?

Mr G.M. Castrilli: Yes.

Dr J.M. WOOLLARD: Thank you, minister.

The member for Kalgoorlie was basically saying that, if we pay peanuts, we will get monkeys. I agree that if salaries in any profession are lowered, people will be reluctant to go into that profession. I believe members of Parliament should be paid more. I think it is being looked at federally, and I think we should also look at that, because we need to attract good people into Parliament. I think that our salaries should be looked at more closely. If federal salaries increase, that will happen here as part of the Salaries and Allowances Tribunal's assessment of salaries. I think it is very important that an independent body such as the Salaries and Allowances Tribunal looks at salaries rather than a small committee formed within a council, which basically becomes a case of "you scratch my back and I'll scratch yours". I think that this is a very good move. The member for Kalgoorlie said that he did not think that anything like this had ever been done before. The member for Kalgoorlie became a member at the same time as I did in 2001. In the Parliament prior to that, members of Parliament received a large superannuation payout when they were finished being a member. A decision was made by Parliament to cease that superannuation payment. Minister, it has happened in the past.

Mr J.J.M. Bowler: Member, there is just a little correction.

Dr J.M. WOOLLARD: It was for new members.

Mr J.J.M. Bowler: Exactly. People going into Parliament did so with their eyes wide open and that was the condition that they entered into. Unless they did it voluntarily—I think the former Labor Premier was the only one to do it—it did not apply to existing members. They were not saying that suddenly they were taking this condition off members or reducing their remuneration; it was only for future members. That is my argument with the minister. If we could have a transition period, those on whatever benefits they are on now could at least maintain that.

Dr J.M. WOOLLARD: But the member for Kalgoorlie has to accept that our salaries are looked at independently. I believe that members' salaries will go up, be it this year, next year or in two or three years, because we need to attract people from different professions to Parliament. I think we have a good system for members. Maybe more members need to get involved when the Salaries and Allowances Tribunal looks at salaries. I think this is a good initiative to introduce for local councils.

Mr G.M. CASTRILLI: Member for Alfred Cove, the other point is that it is an independent tribunal; it is transparent. The other thing we sometimes forget is that it also helps the CEO. I know that some members of the public might go ballistic, if we like, about the rates of pay that CEOs get, and there is no defence. In this

situation, at least the council can say that an independent body assessed the value and that is what the CEO will be paid and it has nothing to do with the council. That is another side of the situation that I have not alluded to previously. I understand where the member for Kalgoorlie and the member for Alfred Cove are coming from, and I will keep investigating it.

Mr P. PAPALIA: At the outset, I would like to echo the member for Kalgoorlie's observations about Jim Epis. He is a good man. I believe that the member for Kalgoorlie is right; people such as that will potentially be lost to the regions as a result of this particular move. It is a fair observation. Despite the member for Alfred Cove's fairly unfettered attack on CEOs and their remuneration, in fairness, the member for Kalgoorlie's observations about the remuneration packages are correct. If there is inequity between the remuneration of the Premier of the state and that of the director general of a department, the Premier's salary should be fixed. The idea that we are somehow going to cap a particular sector of the economy by capping the remuneration for an individual job within that sector strikes me as problematic. I share the member for Kalgoorlie's concerns. I urge the minister to complete the undertaking he has made to look again at some sort of grandfather provision.

By way of response to the member for Alfred Cove, defending CEOs will not win me any brownie points with the public. As I said earlier, I suspect that there is a lot of political motivation behind this move. It is an easy one; it wins accolades because the government is seen to be knocking off the fat cats. But the CEO of the City of Melville, whom the member for Alfred Cove has been personally focusing on this evening, has 700 employees within his charge. She compared his remuneration with her remuneration. That CEO has responsibility for 700 employees and a budget of \$120 million. When we take the easy shots, we overlook the fact that these people are doing a job in an economy that is booming. I do not think this is a fair assumption, but some would say that their skill sets are not as attractive to the wider economy as perhaps are some other skill sets. Some of their subordinates within the hierarchy of the executive of a council have skill sets that are highly attractive to the mining industry, including planning and environment specialists. We know that the mining industry will steal them if it gets the opportunity. The mining industry will not train or develop those people; it will wait for the local government and other sectors to develop them and then it will snaffle them because it can get them by offering them better remuneration. Where is the equity in capping the remuneration of CEOs but not looking at the remuneration of the people who are subordinate to them? Are we not creating a very difficult issue to resolve by doing that, or is the suggestion that we are just going to cap one particular sector—that is, the local government sector—by capping the top remuneration within each council? I share some of the concerns of the member for Kalgoorlie. We have to ask ourselves the original questions that he asked: Why are we doing it? Are we doing it so that we can say that we are going after the fat cats?

Mr M.W. Sutherland: Some are overpaid; that's why.

Mr P. PAPALIA: As I said before, is the member responsible for 700 employees and a \$120 million budget?

Mr M.W. Sutherland: I've heard all the stories. You're dealing with one of the best organised trade unions in the state.

Mr P. PAPALIA: No; that is the Australian Medical Association. The member has it wrong; leave the AMA alone!

Mr M.P. Whitely: Leave the Liberal Party cheer squad alone!

Mr P. PAPALIA: Undeniably, it is an easy target, but the questions have to be asked. I think it is a fair question to ask: what consideration has been given to the impact on the local government sector in the Western Australian economy, which will hopefully continue to boom and in which there is demand for skilled people? Local government is one of the sectors that trains people and can currently retain them through its remuneration, but it may be disadvantaged, and, as a consequence, all those communities may suffer.

Mr G.M. CASTRILLI: I say to the member for Warnbro that a lot of CEOs do a lot of good work. Some CEOs may not be so good, but, speaking generally, they do a lot of good work. I reiterate that members of Parliament and directors general of departments are public servants. CEOs of local governments are creatures of the state. They are public servants. They get paid by public money. So, just as it is done for the member and me, the wages of directors general and the people who work for government departments are set. CEOs are public servants but their wages are not set; they get paid by public money. At the moment, it is done by way of recommendations, not determinations. I am changing that so that it will be the same for everybody—by way of determinations. As I have said, the Salaries and Allowances Tribunal has a broad overview to look at all those concerns.

Mr P. Papalia: But if you are suggesting that the argument is that their wages are paid by public money, that can equally be applied to all the people who are subordinate to them within a council. They are all paid by public money.

Extract from *Hansard*

[ASSEMBLY — Tuesday, 29 November 2011]

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Mr Paul Papalia; Mr John Castrilli; Dr Janet Woollard; Mr John Bowler

Mr G.M. CASTRILLI: Yes, but at the moment it is CEOs. As I have said, I have no problems with that. If we are talking about the effect it will have on local governments, the reason I am entering into this reform of local government and the capacity building is that it is not just one bit; it is the whole idea of governance and the direction in which local government is going. We could sit here and talk about this for an hour, but that is not what this bill is about. We are trying to change the way that local government does business. All I am saying is that in this scenario, CEOs get paid with public money. It is about accountability and transparency to the public. It is also about safeguarding CEOs when they come under attack because their wages are too high. I think the member made a suggestion about the Premier's wage, but I can tell him that a couple of CEOs get paid more than the Premier.

Mr P. Papalia: There are more than a couple.

Mr G.M. CASTRILLI: There we go; there are more than a couple who get paid more than the Premier. All I am saying is that I have every confidence in the Salaries and Allowances Tribunal to look at the complete range of factors, impacts and scenarios that affect each local government, and I have every confidence —

Dr J.M. Woollard: And the community can have input into the Salaries and Allowances Tribunal, can they, minister?

Mr G.M. CASTRILLI: No; it is about CEOs and the councils making a submission, if we like, to their own salary remuneration packages.

Dr J.M. Woollard interjected.

Mr G.M. CASTRILLI: Yes; community members can make submissions.

Dr J.M. Woollard: That's what I thought, minister.

Mr G.M. CASTRILLI: Yes; obviously the Salaries and Allowances Tribunal will be looking at the whole range of factors that govern each local government, talking about the economy and all that sort of stuff.

Mr J.J.M. BOWLER: Minister, the bottom line is, as the member for Warnbro says, we need to ask ourselves why. I have estimated that we are talking about around 56 people outside the bands who are, by the minister's definition, getting overpaid. Just how many of those 56 also fit into those categories that the minister spoke about that the Salaries and Allowances Tribunal would then reconsider—namely, the labour market, particular skills, the municipality's particular location and issues and problems and all sorts of other factors that SAT would consider when increasing or giving the same range of remuneration as recommended by the band? The fact of the matter is that those 141 local government councils are local; that is what local government is about—being local. It is about giving them the choice to select their own CEO and to attract them. As bad as these negotiations with SAT are for existing CEOs, how will they affect local governments when they advertise, trying to attract a CEO, and they get a superstar coming out of the ruck? They might get someone who is an absolutely fantastic coup and who, for all intents and purposes, would get paid a lot more in any other industry. Would the local governments negotiate with SAT prior to appointing this person because he or she may command a substantial increase over the range, with all the other applicants being held up? If SAT says no, that the potential CEO cannot be paid that much, the council has to go back to the applicant and say sorry, and the applicant will withdraw his application. The local government then has to start negotiating with every other person who has applied for the job. What a dog's breakfast!

One thing I learnt in my last term is that I want to reduce the amount of bureaucracy. I am the exact opposite of the member for Alfred Cove, who does not mind a form, a regulation or an impost on the people of Western Australia. If I can help it, I do not want to increase any licences, regulations or bureaucracy in Western Australia while I am in Parliament. That is probably an impossible dream and a bridge too far, but this seems to be a typical case of creating a whole level of bureaucracy and, as the member for Alfred Cove has now said publicly, even individual ratepayers can make submissions to the SAT. We can imagine that if a local government CEO upset a ratepayer—there would not be a CEO in the state who has not upset some ratepayers—that ratepayer would take great delight in making submissions to SAT about why the CEO should get paid less. It is just like if I vote against something that one of my constituents does not agree with; they have the ability to go to the tribunal to say that John Bowler, in particular—not members of Parliament in general—should get less money. As I said, I estimate that this provision targets 56 people. That is a lot of work and heartache that we will cause in local government right now and into the future and I cannot see any rhyme or reason for it. I thank the minister for publicly saying in this place that he will see if there is a legal way around grandfathering, because in particular, those who are entitled to whatever benefits or remuneration they are now receiving at least should not suddenly have it reduced and should not have to beg a tribunal to maintain what they have. I thank the minister for that, but I have to say I will vote against this.

Mr P. PAPALIA: Adding to the member for Kalgoorlie's contribution, according to the Local Government Managers Australia figures, we are talking about 33 individuals. Therefore, all this is for 33 individuals whose

remuneration exceeds the guidelines. I share the observations of the member for Kalgoorlie that we should wonder about how much angst we will create and how much additional burden the flow-on effects will cause. If we cap the salaries of CEOs, other local government employees such as engineers, planners, and other people notionally below them on the pyramid of bureaucracy will potentially be allowed to receive higher remuneration. We have to consider what that again does to a local government's ability to attract appropriate people. There are all manner of permutations of that sort of an observation.

Mr G.M. CASTRILLI: I just say that this provision applies to 138 local councils, not to 33 or whatever; it is for everyone. We are not changing the process of what the Salaries and Allowances Tribunal does now; we are only changing the recommendation to determination. Those governments paying over the odds now can make their individual cases to the Salaries and Allowances Tribunal. For instance, if a council advertises under a bandwidth, and someone comes along and says that someone is a really good person, and that person says that they want a bit more money, the council could then go back to SAT and say, "We have found a really good guy"—or lady—"who would really do the job; we want to talk about this." There is nothing stopping them from doing that. This is not about those 33 or 36 or whatever individuals; this is about the whole of local government. I just want to clarify that point.

Mr J.J.M. Bowler: Minister, why have you drafted this bill? Why are we in this place talking about it? Obviously you or advisers to you believe some people are being overpaid.

Mr G.M. CASTRILLI: No; I do not even know who is overpaid. All I know is that certain numbers of people, X number of people or 39 per cent of people, are being paid over the recommendations under the Salaries and Allowances Act. This bill is about CEOs being brought into line to what the member and I have to go through each time. It is about transparency to the public. Ratepayers pay the CEO's wages. This bill is about open, accountable transparency. Like I said, I am very confident that the Salaries and Allowances Tribunal will take into account all those considerations of problems and hardship that each local government goes through to attract or retain a particular CEO.

Dr J.M. WOOLLARD: The minister just hit the nail on the head then when he used the word "ratepayers". The member for Warnbro talked earlier about me venting my spleen on the local CEO.

Mr P. Papalia: I did not use that term; I was not nasty about it.

Dr J.M. WOOLLARD: I cannot remember the terminology that the member used, but basically I have many, many ratepayers who asked the former government, and this government, what would be done when their money was lost in high-risk investments—nothing happened. I have ratepayers, thousands of people —

Mr P. Papalia: That actually happened under this government; the global financial crisis happened under this government.

Dr J.M. WOOLLARD: Under the member for Warnbro's government—both governments—neither government would go into that. I have had thousands of local ratepayers object to what is happening within the City of Melville with high-rise development and with the sale of other community assets in some of our suburbs. Public open space is a joke—there is no public open space—and ratepayers want the chief executive officer to be responsive to the ratepayers. It is not a matter, member for Warnbro, of how many people they employ; it is the case that CEOs are meant to be there for the ratepayers. I think the Local Government Amendment Bill 2011 will give ratepayers an opportunity, when local councils are refusing to listen to them, to put something in to the Salaries and Allowances Tribunal that tells it that X thousand people in the community have said no to a proposal, and yet the council is still going ahead with it. The council may want to build a performing arts centre—that is not what the community wants! It wants public open space; it wants community assets for the future; and it does not want skyscrapers at Canning Bridge!

Mr P. PAPALIA: To move things along a bit, I might just go through the letter the minister has in front of him from Local Government Managers Australia. I want to put a number of questions, and the minister can respond to them in *Hansard*. I will pluck specific points out of this letter. The observation is made that there is no provision for exemptions or temporary waivers under the bill; what if a council wanted to pay a CEO or a temporary CEO an amount exceeding the SAT determination following a natural disaster or some other situation that required special skills or expertise? I will go through the questions and the minister can note them, and then I will sit and the minister can answer them. LGMA would like some clarification of the term "remuneration", and how it will be determined by SAT. If, after engaging a CEO in accordance with the SAT determination, a council agrees to send a CEO's partner to a conference with him or her and pay the airfare, will that vary the remuneration; and, if so, what are the implications? That is a not uncommon thing to happen. Similarly, what happens if the council has costed the CEO's vehicle for private use but during his or her term it is replaced by a more expensive vehicle with different private use implications with regard to the calculation of remuneration? Also, given that the current SAT list of excluded items includes professional development, is it not true that a

CEO could contrive to negotiate a remuneration package that complied with the limit because any excess was designated professional development? I know, I know; I am not arguing the logic of pursuing this. LGMA is criticising the structure of the legislation; it is not necessarily saying that it is all necessarily bad for it.

What happens if a council exceeds the limit? That is a fair question. Under the new law, what happens if a council exceeds the guidelines? What happens if a council advertises a position at the required level and cannot fill it on several occasions? I think the minister has covered that; the minister has suggested they can go back to SAT. The last observation LGMA makes, which I would not mind the minister responding to, is that when independent, private organisations like Mercer or Hay Group make recommendations for the remuneration for executives, they differ significantly from those of SAT. How would the minister counter the suggestion that SAT makes significantly lower remuneration recommendations, and has the minister taken that into account?

Mr G.M. CASTRILLI: Starting with the last one first, if I may, regarding Mercer and Hay, I do not know where LGMA gets that from, but has it benchmarked what Mercer and Hay would offer out in the private sector?

Mr P. Papalia: I think it is suggesting that were the government to do that —

Mr G.M. CASTRILLI: But has it done that?

Mr P. Papalia: It has suggested that Mercer and Hay have provided alternatives.

Mr G.M. CASTRILLI: Okay. I would suggest that it would be an interesting exercise if every member of this Parliament was subject to Mercer or Hay in terms of our remuneration, and where we would stand and what our qualifications are in this place in terms of getting the job. I make that point. The first point about —

Mr P. Papalia: But we are elected officials.

Mr G.M. CASTRILLI: Sorry?

Mr P. Papalia: We are elected individuals; we are representatives.

Mr G.M. CASTRILLI: Yes, I know, but elected representatives —

Mr P. Papalia: That is part of democracy.

Mr G.M. CASTRILLI: Yes, I know. LGMA's initial response to this amendment was to welcome it. It wanted the remuneration to be set independently because it was concerned about the ability of some CEOs to perform their jobs properly when they were beholden to the council for their pay. That was its initial response. In relation to its questions, I really have to ask the question about CEOs—where is the leadership?

Mr P. Papalia: You are talking about the —

Mr G.M. CASTRILLI: I am talking about CEOs worrying about whether they can take their partners.

Mr P. Papalia: I have already told you that I have been approached by LGMA as the peak body.

Mr G.M. CASTRILLI: I know the member is just relaying those questions, but for a CEO to be worrying about whether he can take his partner to a conference and whether it will be part of the salary package or —

Mr P. Papalia: In fairness, I do not think it is necessarily arguing that as a great point of concern —

Mr G.M. CASTRILLI: I know, but it is asking that question.

Mr P. Papalia: It is suggesting that maybe not enough analysis has been done on or consideration given to the outcomes or consequences of what the government is doing.

Mr G.M. CASTRILLI: Talking about private vehicles and CEOs contriving contracts, I did not think CEOs would get down to that level. I am talking about leadership here; it is about showing leadership in their community. I have had to mandate councils to undertake proper consultation with their community and produce 10-year strategic plans to identify exactly what the community wants, whether it is parks or high-rises or anything else. Half of them do not even know what assets they have; half of them do not even know the value of the difference between the assets and the maintenance gap!

Mr P. Papalia: Stay on target, minister.

Mr G.M. CASTRILLI: Let us get real when we start talking about this. Let us lift the bar!

Mr P. PAPALIA: Let us go back to the next one.

Mr G.M. Castrilli: I think I have covered all of them.

Mr P. PAPALIA: The minister has not. What will the consequence be if a council exceeds the SAT remuneration recommendation?

Mr G.M. CASTRILLI: Under the Local Government Act, if they agreed, any provision or condition of an agreement or arrangement has no effect if it purports to affect the application of any provision in this section. So, it is invalid.

Clause put and passed.

Dr J.M. Woollard: Maybe we could move to clause 19?

Mr P. PAPALIA: Does the member for Alfred Cove have questions about clause 19?

Dr J.M. Woollard: I just wanted to congratulate the minister on clause 19.

Mr P. PAPALIA: Why does the member for Alfred Cove not stand up —

Several members interjected.

Clauses 14 to 21 put and passed.

Clause 22: Part 8 Division 2A inserted —

Mr P. PAPALIA: I gave the minister advance notice that this is the one clause that we really have serious concerns about. We intend to oppose it on the ground that we feel that the removal of the need for an inquiry will give undue and inappropriate powers to the minister. During the second reading debate I said that I was not suggesting that that is what the minister is doing. The minister responded by saying that he was not doing that, and I acknowledged that. I was not suggesting that, in the current context, the minister was going to use it against a council that, for instance, opposed being forced to amalgamate with a nearby council and that then subsequently the minister might classify it as being dysfunctional and suspend it for six months. I was not suggesting that to be the case, but we have a concern that the powers are inappropriate, and, therefore, it is our intention to oppose it on that ground. I feel that our opposition to this clause is shared by the peak body, but not for the same reason. The Western Australian Local Government Association opposes it for a different reason.

Sitting suspended from 6.00 to 7.00 pm

Mr P. PAPALIA: I have indicated what we intend to do with this clause. However, before we proceed with that, I might ask the minister to define a couple of terms that the Western Australian Local Government Association, for instance, has identified as being new and worthy of some explanation. Those are specifically on page 13 of the bill, lines 6 and 7 and lines 10 and 11. The minister may order that the council be peremptorily suspended or required to undertake remedial action, and this applies if the minister thinks that —

- (a) the seriousness or duration of a suspected failure of the council ...

I would like to know what that term “suspected failure” might encompass and how it might be defined. The proposed section continues —

- (b) such other factors as the minister considers relevant, ...

Is this effectively an authority for the minister to do whatever the minister feels like doing and for the minister to deem anything that the minister feels relevant to be worthy of suspending a council?

Mr G.M. CASTRILLI: I thank the member for Warnbro for the question. Firstly, there will not be a suspected failure because I feel that I do not like a particular council for political reasons or whatever it may be. The suspension power is limited to suspending a council when there has been a failure of the council to ensure that the local government performs its functions properly. So all this needs to be looked at in the context of the act and the role of council and its duties. These are stipulated in section 2.7 of the act, which states —

The council —

- (a) governs the local government’s affairs; and
- (b) is responsible for the performance of the local government’s functions.

Therefore, to achieve that, section 2.10 of the act really specifies and outlines the role of each councillor. It states —

A councillor —

- (a) represents the interests of electors, ratepayers and residents ...
- (b) provides leadership and guidance to the community ...
- (c) facilitates communication between the community and the council;
- (d) participates in the local government’s decision-making processes at council and committee meetings; and

(e) performs such other functions as are given to a councillor by this Act or any other written law.

As the member can see from that, political reasons are not one of the reasons. Whether I might or might not like a council has nothing to do with this; this is about encapsulating the total roles and responsibilities of councillors.

Mr P. Papalia: So your intention is that that suspected failure be confined to a failure to perform those roles as you have just outlined as opposed to anything else.

Mr G.M. CASTRILLI: Yes, absolutely. It is the roles and responsibilities as outlined and relates to the spirit of the act and what is really the role of local government under the act.

Mr P. Papalia: I think it is a fair question that WALGA has raised about proposed paragraph (b), because “such other factors as the Minister considers relevant” seems to be a catch-all to enable any other factor to be considered.

Mr G.M. CASTRILLI: If the member looks at the Local Government Act, he will see that that is already in the act.

Mr P. Papalia: Okay. So that is just a repetition of something else.

Mr G.M. CASTRILLI: Yes, it is a repetition. Basically, this is about a temporary suspension when we consider that a council is not carrying out its roles effectively and has subsequently become dysfunctional. We can say to the council, “Listen, you’re heading down a path, and, in the end, if you keep going the way you’re going, the council could be suspended and commissioners put in”, as is the case under the act now, “and there could be a complete inquiry, which costs a lot of money.” So this is about a cooling-off period and telling the council that maybe it needs to undertake some training, counselling or whatever it may be. I am trying to stop councils from going over the edge, if the member knows what I mean. That is where it sits at the moment.

Mr P. PAPALIA: I will not labour the point. Our party’s position is that, by doing this, we think there is diminution of the process or the transparency in the process, and an elevation of the powers to the minister beyond what is necessary. So, obviously, as I have indicated to the minister, we will oppose the clause. I suspect that the minister will remain steadfast in his defence of it. Nevertheless, I understand the member for Alfred Cove has a proposition about an earlier clause that the minister may want to consider, so I will sit down and let her speak.

Mr G.M. CASTRILLI: Before the member for Alfred Cove speaks, as I said, it must be done within the confines of the act and what the act is trying to achieve. I have to give written notice. The council has 21 days to respond. It can come back to me and say, “Okay; we’ve identified the fact that we have not done this properly, and, yes, we undertake to do these things.” If I am satisfied with that, that is the end of it. If the council is happy to come back and —

Mr P. Papalia: We would argue that you are a reasonable minister, but should some other individual be there, they may inappropriately employ these powers once they have been given them.

Mr G.M. CASTRILLI: It might happen on the member’s side of the fence, but not on our side of the fence, member for Warnbro! A fair few Labor Party members indicated their basic support for this provision, and I am sure that the member for Albany, who was pushing me to do something with the Albany council way back when it was in a bit of trouble, would have been very supportive.

Mr P. Papalia: Notwithstanding what anyone may have said to you independently, we have a position that has been arrived at.

Mr G.M. CASTRILLI: I know that the opposition has a position, but I just wanted to point out that a lot of members on the other side have agreed with the basic intent.

Mr P. Papalia: Oh, it’s hearsay. I couldn’t possibly —

Mr G.M. CASTRILLI: I can go back through *Hansard*, if the member for Warnbro would like. I understand that the member has a position on this, but he knows where I am coming from.

Dr J.M. WOOLLARD: I know that we are talking about suspensions, but I wonder whether I could ask the minister for a bit of flexibility. Rather than raising this matter during the third reading, I would like to refer back to clause 19 and the investment of money by local governments. When I had the briefing I was told that money could only be invested in fixed term and safe deposits. However, clause 19, which amends section 6.14 of the Local Government Act, does not actually say anything about fixed term and safe investments. It says that money may be invested under part III of the Trustees Act 1962. Section 17, “Trust funds, investment of”, under part III of the Trustees Act states —

A trustee may, unless expressly prohibited by the instrument creating the trust —

Extract from *Hansard*

[ASSEMBLY — Tuesday, 29 November 2011]

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Mr Paul Papalia; Mr John Castrilli; Dr Janet Woollard; Mr John Bowler

- (a) invest trust funds in any form of investment; and
- (b) at any time, vary an investment or realize an investment of trust funds and reinvest money resulting from the realization in any form of investment.

That does not give me the same comfort about ratepayers' money as the minister gave me during his briefing on this bill. Could the minister clarify, for the sake of the record, how amended section 6.14 of the Local Government Act, along with the Trustees Act, will actually operate to safeguard ratepayers' moneys?

Mr G.M. CASTRILLI: That is in the current legislation. The new bit concerns regulations in relation to investments by local governments. Regulations will be made stipulating authorised trustee investment deposits. There is a range of them. The intent of the regulations will be to restrict it to authorised deposit-taking institutions. I have a whole heap of —

Dr J.M. Woollard: Could you read some of those out, so that we have that information? It really is a hot issue with my local community.

Mr G.M. CASTRILLI: Yes. The other thing is term deposits, which will have a maximum term of 12 months. After 12 months, they will have to be renewed. There are also cash deposits and government bonds. I am happy to table the list of authorised trustees, because there are about four or so pages of them: for instance, Australian-owned banks such as AMP Ltd, Australia and New Zealand Banking Group Ltd, Bank of Queensland Ltd, Commonwealth Bank Group trading as Bankwest, Bendigo and Adelaide Bank Ltd, Commonwealth Bank of Australia, Macquarie Bank Ltd, MECU Limited, Members Equity Bank Pty Ltd, National Australia Bank Ltd, QT Mutual Bank Ltd and Rural Bank Ltd; and foreign subsidiary banks like the Arab Bank Australia Ltd, Bank of China (Australia) Ltd and Bank of Cyprus Australia Ltd.

Dr J.M. Woollard: So the regulations are going to specify where the money can go and where the money cannot go?

Mr G.M. CASTRILLI: They will specify where the money can only go; that is, in authorised trustee deposits with term deposits and government bonds. That is what the regulations will specify. I will table the list of authorised deposit-taking institutions.

Dr J.M. Woollard: Thank you, minister. It is very important to my community to know that their money is going to be safe in the future.

Mr G.M. CASTRILLI: I table the papers.

[See paper 4300.]

Mr P. Papalia: I point out and acknowledge the member for Alfred Cove because I think she has done a service to the Western Australian Local Government Association, which was seeking further clarification of clause 19. If the minister had not already given that to them, then that is handy.

Clause put and a division taken with the following result —

Ayes (25)

Mr P. Abetz	Mr G.M. Castrilli	Dr G.G. Jacobs	Mr M.W. Sutherland
Mr F.A. Alban	Dr E. Constable	Mr R.F. Johnson	Mr T.K. Waldron
Mr C.J. Barnett	Mr M.J. Cowper	Mr A. Krsticevic	Dr J.M. Woollard
Mr I.C. Blayney	Mr J.M. Francis	Mr P.T. Miles	Mr A.J. Simpson (<i>Teller</i>)
Mr J.J.M. Bowler	Mr B.J. Grylls	Ms A.R. Mitchell	
Mr I.M. Britza	Mrs L.M. Harvey	Mr C.C. Porter	
Mr T.R. Buswell	Mr A.P. Jacob	Mr D.T. Redman	

Noes (16)

Ms L.L. Baker	Mr A.P. O'Gorman	Mr E.S. Ripper	Mr P.B. Watson
Mr R.H. Cook	Mr P. Papalia	Mr T.G. Stephens	Mr M.P. Whitely
Mr J.C. Kobelke	Mr J.R. Quigley	Mr C.J. Tallentire	Mr B.S. Wyatt
Mrs C.A. Martin	Ms M.M. Quirk	Mr P.C. Tinley	Ms J.M. Freeman (<i>Teller</i>)

Pairs

Dr K.D. Hames	Ms R. Saffioti
Mr W.R. Marmion	Mr J.N. Hyde
Mr J.H.D. Day	Mrs M.H. Roberts
Dr M.D. Nahan	Mr W.J. Johnston
Mr J.E. McGrath	Mr D.A. Templeman

Clause thus passed.

Clauses 23 to 35 put and passed.

Clause 36: Section 40 amended —

Just briefly, I want to take this opportunity to ask whether the minister is able to provide any indication of the cost implications of the questions the Western Australian Local Government Association raised about a waste rebate for seniors if it were implemented. I know it is not part of this bill, and we are not advocating that it be part of it, but WALGA took the opportunity to raise it with all of us prior to the bill being introduced.

Mr G.M. CASTRILLI: Thank you for the question. I do not have any indication about the costs. As I said in my reply, I think WALGA probably can achieve that through its membership. I think I said in my reply that this comes under the auspices of the Minister for Commerce. However, I will be raising the question of the waste levy with him. But at the moment I do not have an exact figure of that cost.

Mr P. Papalia: Is it the minister's intention to seek that information from the Minister for Commerce and provide it to the house?

Mr G.M. CASTRILLI: I will have to talk to him first and see where the discussion leads. If it does lead somewhere I will let the member know where that is. I do not know at this point in time how readily we can obtain that information.

Mr P. PAPALIA: Beyond my having raised it and WALGA having raised it with both of us, has the government given any consideration to providing a rebate to seniors for waste costs?

Mr G.M. CASTRILLI: That is a discussion I need to have. No, we have not at this stage.

Clause put and passed.

Clauses 37 to 41 put and passed.

Title put and passed.

Leave granted to proceed forthwith to third reading.

Third Reading

MR G.M. CASTRILLI (Bunbury — Minister for Local Government) [7.21 pm]: I move —

That the bill be now read a third time.

MR P. PAPALIA (Warnbro) [7.23 pm]: I want to reiterate our objection to the expansion of the powers that will be available to the minister, and the diminution of transparency, as we see it, regarding suspension of councils without the need for an inquiry. I restate that we are opposed to that.

I think it is appropriate that I also reiterate the concerns of the peak body that will be most impacted on by this bill, the Local Government Managers Association, noting of course that it does not necessarily garner a great deal of support among the public. But in my view, it is important we make the point that the LGMA makes a significant contribution to Western Australian society. As a body, it constitutes a very professional group of individuals who often and in many cases, as reported to me by councils, contribute beyond what they are remunerated for. Far from being the big fat cats we should be targeting and that make an easy target within the media and in the public domain, they are often called upon to contribute well beyond their recognised responsibilities and for which they are supposed to be paid. I think the issue identified by the member for Kalgoorlie and supported by me was that we should be asking ourselves what we are trying to achieve when, according to the LGMA, only 33 individuals in the state will be subject to this clause, the objective of which is to cap the chief executive officers' salaries to be within the recommendations of the Salaries and Allowances Tribunal. If it is only 33 individuals, I do not necessarily get a good feeling that consideration has been given to the potential implications for the people who are subordinate to them within their structures and the potential loss of good people to other industries such as the mining industry, particularly in remote and regional areas. I fear that they may be identified once it is too late; once this amendment is in force and councils go to the minister and say, "Well, we took it back to SAT, but it was too late by then because people needed certainty and to know what was happening in their lives, so we lost good people and/or we were unable to attract the appropriate people." Other than that, I thank the minister for his indulgence and his willingness to engage with us on these questions and for his willingness to go back to the question the member for Alfred Cove wanted asked because she missed the opportunity in the second reading debate.

MR G.M. CASTRILLI (Bunbury — Minister for Local Government) [7.26 pm] — in reply: I thank the member for Warnbro and other members of this house for their contributions. On the suspension of councils, I have outlined my reasons for that provision, the safeguards that will apply and the spirit of the act. It is about councils carrying out their roles and responsibilities according to the act. On the issue of the LGMA, I have great confidence that the Salaries and Allowances Tribunal will look at all the factors that impact and impinge on local governments, their functions, roles and responsibilities and about the attraction and retention of staff. This is

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about all the 138 local governments, not the 30-odd that have been mentioned. It is about transparency and accountability to the ratepayers of Western Australia. I have great confidence in the Salaries and Allowances Tribunal to carry out its functions properly. I again thank all the members for their contributions to the passage of this bill.

Question put and passed.

Bill read a third time and transmitted to the Council.