

**Second Reading**

**The Hon. GREG PEARCE** (Minister for Finance and Services, and Minister for the Illawarra) [3.17 p.m.]: I move:

That this bill be now read a second time.

The Local Government (Shellharbour and Wollongong Elections) Bill 2011 delivers on a Coalition election commitment to restore democracy to local councils in the Illawarra—a commitment for which the Coalition has a clear mandate. Clearly, the Coalition has listened to the community and has seen the importance of making these council elections a priority for the newly elected Government. The community desire for local representation was further emphasised in the *Illawarra Mercury* editorial last Thursday, which stated:

We need fresh energetic local government leaders. We need new faces, new voices and new ideas. The council's time under administration has allowed us to put some distance between the present and the sorry and sordid past of the corruption in Wollongong and dysfunctionality in Shellharbour. Now, we need to keep walking.

I can inform members that the bill will allow new faces, voices and ideas for the people of Wollongong and Shellharbour in their local government areas because it will allow fresh, energetic local leaders to have a chance to become elected representatives. Following an Independent Commission Against Corruption inquiry, which identified systemic corruption in Wollongong City Council, that council was dismissed. Clearly, the culture of shameful corruption and Labor politics needed to be dealt with at the time. That culture is magnified when we consider that last Thursday former Labor councillor on Wollongong council Frank Gigliotti was sent to jail for lying to that ICAC inquiry. Shellharbour council was also dismissed in 2008 after an inquiry found that the council had become dysfunctional.

Now it is time to arrange for new elections so that the communities concerned can be represented at a local level. The previous Labor Government decided that both councils were to remain under administration until September 2012. This Government wants to return democracy to the people of Wollongong and Shellharbour local government areas. This Government made a commitment that both Wollongong and Shellharbour councils would have democratically elected councils in place in 2011. This Government fulfils its promises. The council elections will take place on 3 September 2011.

Turning to the detail of the bill, it will ensure that the ratepayers of both councils are not faced with the cost of another council election within 12 months. The bill provides for a one-off five-year term for both councils, saving Wollongong council an estimated amount of \$943,000 to conduct another election and Shellharbour council an estimated amount of \$307,000—very important funds of the local community that will now be available to apply to the backlog of roads and other works that local councils will have to undertake. The next local government elections for these councils after 2011 will be in September 2016. This will bring these two councils back into line with the local government elections cycle for the rest of the State. Given the sorry history of the past few years, there are strong arguments that the new councils will be able to utilise the longer term to restore confidence in their local administrations and ensure that their plans and programs are well and truly up to date, looking forward, and reflect the needs of the constituencies.

In relation to Shellharbour City Council, the bill also addresses concerns raised in the Shellharbour public inquiry report about the structure of the council, which structure the inquiry found had contributed to its dysfunction. This bill seeks to abolish the ward structure of the council because the report highlighted the problems in retaining a ward structure. The size of the Shellharbour local government area makes Shellharbour City Council more suited to having no wards at all. Shellharbour is relatively small in size, about 147 square kilometres, with a population of approximately 65,000. Shellharbour is about 100 square kilometres smaller than its neighbouring council area, Kiama, which also has no wards. In addition to this, the former Labor Mayor of Shellharbour, Mayor Hamilton, gave evidence at the public inquiry stating that the maintenance of the ward boundaries is problematic.

The bill removes the need for a constitutional referendum to be held to abolish all wards, the result of which would not have come into effect until 2016. The bill also reduces the number of councillors for Shellharbour City Council to seven. By doing so, it addresses another factor identified by the Shellharbour public inquiry as contributing to the dysfunction of the council. It is also appropriate considering the number of councillors elected in other council areas of a similar size. It is inappropriate that a council of Shellharbour's size should have more than seven councillors. Former Mayor Hamilton also stated at the public inquiry that he held a personal view that a reduction in councillor numbers to six and a mayor would be a good option. He gave evidence that he believed it would lead to better governance and save money. He further stated that:

... councillors would still be able to represent the residents at a high level.

The council itself, in a submission to the public inquiry, also acknowledged the advantages of reducing councillor numbers. The abolition of wards and the reduction of councillor numbers to seven will mean that the method of electing councillors will change from optional preferential to proportional representation, with a quota of 12.5 per cent plus one for a councillor to be elected. Currently, the system for counting votes in a contested election for a ward or undivided area is to be optional preferential if the number of councillors to be elected is one or two, or proportional if the number to be elected is three or more. The proportional voting system is generally used across all levels of government in multi-member electorates because it is designed to allocate seats or offices in proportion to the overall number of votes obtained by the candidates.

The abolition of wards in the Shellharbour local government area will lead to a lower quota, which is expected to encourage more people to stand for office, and therefore enhance the democratic process. The bill also changes the method of election for the mayor at Shellharbour City Council. The mayor is now to be elected by the councillors every 12 months from one of their number. The bill, therefore, provides for all of these important changes to be in place in time for the fresh elections on 3 September 2011. This will enable the newly elected council to start afresh without having to incur the costs of conducting constitutional referenda to make these changes to its governance structure. If, in the future, the council wants to divide itself into wards, alter its councillor numbers or change the manner in which its mayor is elected, it will be able to do so on its own initiative and with the approval of its constituency.

In relation to Wollongong City Council, in 2008, following the Independent Commission Against Corruption Operation Atlas hearing, ratepayers' satisfaction with Wollongong council was at an all-time low. However, a recent administrator's report noted that public confidence in the council has improved markedly due to actions taken by the administrators, including restoring the reputation of Wollongong City Council; maintaining a corruption-

resistant organisation with zero tolerance of corruption; introducing contemporary local environmental planning controls and more efficient processes for assessment applications; effective corporate governance and leadership; and diligent management of council finances, including budgeting and control.

The bill requires the administrators of Wollongong City Council to reduce the number of wards for the council from six to three by 24 June 2011. This will mean that the council will have three wards with four councillors per ward and a mayor who is elected by all of the electors. This reflects the geographical size and population of Wollongong. The population is almost 200,000 people and it has an area of 684 square kilometres comprising a long coastal area stretching from the Royal National Park to Lake Illawarra. It is the third largest city in New South Wales and the ninth largest city in Australia. Its central business district is a major commercial hub.

The bill allows for this to happen within a short period. This is because all ward boundaries need to be finalised by 24 June 2011 in order for the New South Wales Electoral Commissioner to do the work required to conduct the elections on 3 September 2011. This change in ward structure will mean that the method of electing councillors for each ward will change from optional preferential to proportional representation. This is the method used in most council areas in New South Wales and will allow greater diversity and representation. As in the case of the changes to Shellharbour City Council, the bill preserves Wollongong City Council's ability to make future changes to the number of its wards should its community so desire.

Once again, this Coalition Government is determined to deliver on a commitment to the people of the Illawarra. The Liberal-Nationals Government will help the people of Wollongong and of Shellharbour to walk away from the corruption and dysfunctionality of the past. We want to return democracy to Wollongong and Shellharbour and we believe that this bill is the way to do so. As a result, those communities will have local representatives and the chance to have fresh ideas and new faces. We are keeping our promises. It gives me a great deal of pride as Minister for the Illawarra to deliver on this commitment—a commitment that was widely accepted and demanded by people in the Illawarra. It is a great day for us in moving forward with this legislation. I commend the bill to the House.