

I turn now to the *Small Claims Amendment Bill*. Clause 5 increases the small claims jurisdiction to \$10 000. The government considers that this increase is appropriate, given that the Local Court, in exercising small claims jurisdiction, acts informally. The court is not bound by the rules of evidence, and the extensive technical legal procedures applying to the Local Court normally are excluded. I should point out that the Northern Territory now has the highest small claims jurisdiction and Local Court jurisdiction in Australia. That being so, this increase simply puts us farther ahead of other jurisdictions in ensuring that the legal system is accessible to all.

Clause 6 amends section 23 to provide that a claim for less than \$5000 must be brought as a small claim. This decision will effectively force people in dispute to use the small claims system in the absence of complex legal issues arising in the claim. Currently, parties to a small claim may not recover the cost of using lawyers, except where the parties ask for the court to rehear a matter that it has already heard. I am sure honourable members will agree that this is a good thing. It is extremely undesirable for lawyers to be involved in such minor claims, adding to the cost to the community of using the legal system. However, the government recognises that it may sometimes be necessary for small business to employ a lawyer to bring a complicated legal action as a small claim or to defend a small claim. It would be equally unfair if the cost of such a course of action had to be borne by small business in every case.

While the government is generally committed to the principle that a no-costs rule is fundamental to a small claims system, it recognises that an exception should be made in extremely limited circumstances. Accordingly, clause 7 amends section 29 to provide that the court may make an order for costs in respect of an application for rehearing - this is the present situation - and also where the amount of the claim exceeds \$5000 and the court is of the opinion that, due to circumstances such as the complexity of the law, the facts or any other matter in respect of the proceedings, it is fair and reasonable that an order for costs be made. The government considers that this strikes a fair balance and would not encourage wealthy debtors to resist *bona fide* claims from small consumers on the assumption that their entire cost of resisting claims may be recoverable. As members may be aware, the cost of legal proceedings as both creditor and debtor are fully tax deductible for a small business.

Finally, a number of statute law revision amendments have been made to clarify various sections in both acts. I commend the bills to honourable members.

Debate adjourned.

### **PARTNERSHIP BILL** (Serial 221)

Bill presented and read a first time.

**Mr BURKE (Attorney-General):** Mr Deputy Speaker, I move that the bill be now read a second time.

This bill is designed to bring Northern Territory partnership legislation into the 1990s, replacing the *Partnership Act 1891* of South Australia that still applies. A partnership can be defined as 'the relationship between persons carrying on business with a view to profit'. It is a