



Speech by

**Howard Hobbs**

**MEMBER FOR WARREGO**

Hansard Thursday, 9 August 2007

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## **LOCAL GOVERNMENT REFORM IMPLEMENTATION BILL**

**Mr HOBBS** (Warrego—NPA) (11.44 am): It is with a heavy heart today that I rise to speak to the Local Government Reform Implementation Bill 2007. This is disgraceful legislation. I am so disappointed that we have got to this level in this state. This legislation takes the 'local' out of local government. It confirms that the democratic standards that we have had in Queensland for so long are slipping. It is the start of a dictatorial regime that will be to the detriment of this great state.

This legislation is based on false figures. This legislation is based on mistruths. This legislation is based on deliberate deceit. This legislation is based on government spin. I would like to run through some of the processes that have led to this legislation we have before us today. Local governments around the whole state were doing enormous amounts of work to help them improve their ability to continue on into the future. They started up the Size, Shape and Sustainability process, the SSS process. That process was designed to improve their financial ability and their service delivery and the long-term benefits of local governments in all communities in Queensland.

Local governments—like many other industries, such as primary industries—are always looking at ways to improve their lot, to improve their viability, to look to the challenges ahead. That is exactly what local government was doing. There was bipartisan support across the political spectrum—Labor and the conservatives—for this. There was support for this amongst the local governments themselves. They commenced that process a very short time ago.

The Premier keeps running around saying that they have had two years to do this. The minister has said that they have had two years to do this. It has not been that long. In fact, the minister only signed off on this in about February 2006. That is not very long ago at all. There has not been two years for them to work through this process. There were delays. Most of the delays were with the government departments themselves. All these things do take time. There is no reason to rush. There was great community support for this.

All that changed on 19 April when we saw the first real steps towards a dictatorship. Today that is being enshrined in legislation. Unfortunately, we have a minister who is against local government. He has deliberately deceived councils. He worked behind their backs—

**Mr FRASER:** I rise to a point of order, Mr Deputy Speaker. I find the remarks of the member entirely untrue and offensive and ask that they be withdrawn.

**Mr HOBBS:** I withdraw. Minister, you have successfully united the majority of councils in Queensland against you—congratulations on that great achievement!

**Mr DEPUTY SPEAKER** (Mr English): Order!

**Mr Hayward** interjected.

**Mr DEPUTY SPEAKER:** Order! Member for Kallangur! Member for Warrego, please address your comments through the chair. I call the member for Warrego.

**Mr HOBBS:** The important message that I have been asked to pass on to this parliament today is that the majority of councils do not trust you at all in relation to any of these matters. Even the ones that have supported amalgamation do not trust you.

**Mr DEPUTY SPEAKER:** Order! The member for Warrego will address the chair, not the minister directly.

**Mr HOBBS:** They do not trust you with this legislation. That is a significant message that you really must take on board. I do not think any other minister that I am aware of has ever achieved that distinction.

The Premier says and you say that there are people out there who are happy with this. On the radio the other day in western Queensland you were asked about how many councils would—

**Mr DEPUTY SPEAKER:** Order! Member for Warrego, if you are talking through the chair, then you will not refer to the minister as 'you'. You will refer to him as the 'minister' in the third person. Please direct your comments through the chair.

**Mr HOBBS:** The other day the minister spoke about this issue on the radio and was asked how many councils support this legislation. He named a few mayors—it might have been about six or seven—but he forgot to name the other 150 who are opposing it, and very strongly opposing it. So this has all been government spin. People are angry out there. I wonder why people would drive 1,200 or 1,400 kilometres to Barcaldine for a march. Why would they do that if they are happy with it? They came from miles around. This legislation before us today is the result of this government's intention to change local government. The people have a different view as to the way it should do that. Why was it that throughout Queensland there was a Red Friday where towns were painted in red and people wore red?

**A government member:** And they desecrated cenotaphs!

**Mr HOBBS:** They did not desecrate cenotaphs. Why did they do that? Were they pleased with what the government was doing? No, they were not. They were not pleased at all and we found that across the whole of Queensland people's anger was getting worse. We also found that the message was not getting through in metropolitan areas, perhaps because the urban media felt that it was not affecting those areas as much. But slowly bit by bit and finally as the hammer crunched down on them on that Friday recently when the boundaries came out, people in the metropolitan areas found out that they were also tangled up in this.

There was a march on parliament attended by nearly 8,000 people. When those at the front of the march arrived here, some people still had not even left South Bank at that stage! That is an indication that people are opposed to your legislation we are debating today, Minister. Why did they come? Why did they march? They marched because they are opposed to what you are doing. I have also attended other marches in relation to this legislation that you have brought to this House today in Port Douglas and Gayndah and Barcaldine. There were other meetings around the whole state too numerous to mention. Petitions have been signed as well. There are 16,000-odd signatures on paper petitions and 9,500 e-petitions, and this is from a government that is saying, 'This is what people want. This is good for them. This is what they're going to have.' I would have thought that there would have been a little bit of understanding in government circles that in fact this legislation does not have significant support. Some 30,000 submissions came in against amalgamation from Noosa. Queensland is protesting against this dictatorial legislation. Even Kevin Rudd has been involved in it as well—I will deal with that later on—but he was too weak to get a result. Minister, are you fit to actually carry this legislation through?

**Mr DEPUTY SPEAKER:** Please direct your comments through the chair.

**Mr HOBBS:** Though you, Mr Deputy Speaker, I think it is important that we understand that. This morning the Leader of the Opposition mentioned some quotes about the minister, and I will not go into that. I will give other ones such as someone saying that the minister is far too arrogant. That is what people were saying on the radio. Andrew Fraser was on 4BC today and people have said that he sounded much like a fascist from the Nazi Party. Someone else said, 'Local government minister Andrew Fraser was very rude whilst on 4BC today.'

**Mr DEPUTY SPEAKER:** Order! That language is unparliamentary and I ask you to withdraw.

**Mr HOBBS:** I withdraw. Another caller said that the minister for local government was very rude whilst on 4BC today and the compere said that Fraser needs to learn some humility and compared the minister to Zimbabwean PM Robert Mugabe. Someone said that Andrew Fraser is a pompous, arrogant man. Minister, I am not saying that. The people are saying that. Is there something that we are missing in this?

**Mr DEPUTY SPEAKER:** Please direct your comments through the chair.

**Mr HOBBS:** Through you, Mr Deputy Speaker, there are heaps of them. Do you want me to table them, which I will not, but I would if you want me to but I do not need to because I think you have been embarrassed enough. But, Minister, even an old mate of yours, Bob Ellis—one of Labor's most celebrated and high-profile supporters, and, Minister, you might be able to confirm or deny this—called you an 'unctuous, handsome Queenslander' and said that 'I have had dealings with him before and I'm beginning

to dislike him'. Unctuous, for those who do not know, means oily, greasy or slippery. Minister, maybe you can confirm whether you are the person he is talking about, because—

**Mr DEPUTY SPEAKER:** Order! The member will direct his comments through the chair.

**Mr FRASER:** I rise to a point of order. I am happy to confirm that and also say that Mr Ellis said that I was tall. I will let the record decide.

**Mr DEPUTY SPEAKER:** There is no point of order.

**Mr HOBBS:** As a matter of fact, I saw that. I was also told it is writer's licence and he also said he saw you standing in the corner expressionless. I think I've got you! Absolutely, Mate! There you go!

Let us move on. Let us talk about Kevin Rudd in relation to this legislation. There was some thought at one stage that Kevin Rudd could come in and perhaps convince the Premier to change his mind. Yes, they had a discussion and, yes, they did a deal. The deal was that they will go ahead with council amalgamations but what they will do is make sure that council employees do not go across to WorkChoices. They made a deal that in fact council employees would be locked into state awards and could not go across to federal awards so he could pick a fight with the Prime Minister to help him in the election. You are using council employees and councils in this federal election. That is pretty weak.

Why doesn't the Labor Party listen to the ASU, which is Queensland's largest government union? A lot of the unions were very quiet at the start. I wondered why they were quiet. Why were they prepared to burn employees in towns like the Mitchells, the Miriam Vales, the Taras and the Surats? Why were they prepared to burn them and not make a noise? It was because, as we have now found out, of the deal about WorkChoices. But now suddenly there is a lot of pressure on the unions and they are coming out and making some noise. The ASU has come out and said—and it represents about 8,000 white-collar local government employees throughout Queensland—that it believes that about 5,000 of its members will be affected. So it has suddenly cottoned on and realised that the government really has not told it all of the facts, and that is very important.

In the very strong view of the ASU, the commissioners should recommend no changes to local government boundaries and in the event that boundary changes or amalgamations are recommended by the Local Government Reform Commission it should not be done unless there are compelling reasons to do so and the change is supported by the local communities. Change on the scale that is contemplated is expensive, time consuming and disruptive to the communities concerned. It is insufficient for the government to argue that local government boundaries have not substantially changed from 100 years ago. Minister, the ad that you had on the TV had Bradman and Phar Lap and you keep on saying wherever you go—

**Mr DEPUTY SPEAKER:** Order! Please—

**Mr HOBBS:** Through you, Mr Deputy Speaker, you talked about the fact that we had to modernise local government boundaries. But in fact do you know what we have got? We have actually gone back to roughly the same number we had in 1876. We had 65 divisional boards in 1876. So we have gone back to that! We have not modernised! We have actually gone backwards! So, Minister, you have taken us back to before Phar Lap and those other things in those ads with this legislation today.

The structure of local government in Queensland is different from that in other Australian states or, in many instances, in other countries. A report commissioned by the ASU and the AWU in South Australia on the process of local government reform in that state also included the impact of previous changes in other states, including Victoria. The report noted that newly amalgamated councils experienced the loss of key staff; problems with different administrative computing, financial and bookkeeping methods; a lack of clarity on the roles and responsibilities of newly merged workforces; asset duplication in relation to plant and equipment; industrial relations problems; divided loyalties among staff; staff insecurity and loss of productivity owing to stress; confusion within the communities served by the local councils; a loss of faith by communities in their local councils; and difficulties making new technologies meet their hybrid potential to deliver services. The report goes on to state that in Victoria the net job losses may have been in the order of 11,000. Local communities in Queensland simply cannot afford a repetition of that experience.

If local government reform is to have any real, ongoing benefit and be sustainable politically in the long term, the ASU believes that a cautious, staged approach which has the support of local communities offers the best chance of success. I am sure many other people throughout this state and nation would agree with that view. So why will the government not even listen to them? It will not listen to the people, it will not listen to the councils and it will not listen to the communities. The government is not listening to the ASU. It is a bit difficult when a government will just not listen.

We were told that this legislation is apparently drawn from the report of the Local Government Reform Commission. But alas, hardly any of this legislation arises from the recommendations of the commission. A lot of members will be surprised to hear that. We were told in the briefing that the Local Government Reform Commission was only about maps. But this legislation is not about maps; it is about real changes which are hidden away within it by this minister. There are many problems with this legislation.

**Mr Hoolihan:** Where?

**Mr HOBBS:** I am pleased the member is interested. I will tell him. There are so many problems. The drafting instructions provided to the Office of the Queensland Parliamentary Counsel were seriously flawed and there is cumbersome detail included in the clauses, and in clause 5 in particular. As a result, that will lead to a large number of amendments to the legislation. This legislation contains many clauses that were not included in the recommendations of the Local Government Reform Commission. These include clauses stating that the minister has the final say on the actions of the council before and after the changeover date. Also, the minister can remove local transition committee members at any time. So the minister can sack them as well, even though they are elected as councillors. Also, the interim chief executive officer can override council CEOs and can direct staff to do whatever they want. So all of those things that we were told in all of those regional meetings were wrong. They were fibs. They were serious, serious untruths. I went to all of those regional meetings the length and breadth of Queensland. The minister got up and said things, the DG got up and said what was going to happen, yet we come in here and open the legislation and find that it is different. I suppose we have come to expect that from this government.

The councils will be in caretaker mode from the moment this legislation is passed through to March. So they cannot make any major policy decisions. We were told that the councils would carry on as normal. At numerous meetings of the Local Government Association and at regional meetings the minister said that the role of the council will continue on until the March 2008 election. That was also untrue.

The councils will not be able to either sack or employ a CEO. So the rumours that were going around that the government was going to appoint these people were obviously true. Councils cannot make decisions about amounts over \$150,000, or one per cent of what is contained in their last annual budget. They have already approved their budgets, yet they cannot make decisions about that sort of money. It is ridiculous. Councillors will not be able to determine their rate of pay or whether they are full- or part-time. The remuneration tribunal will have the final say on councillors' pay and this will have budgetary impacts. We have no problem with the remuneration tribunal. It is a matter of how it works. But we do not know how it works and, if this legislation is any guide, who knows how this remuneration tribunal is going to work?

There will be personal fines imposed on mayors and councillors of \$1,125 for holding a referendum whether or not it costs the council anything. We have councils out there that have already put in place the process. The ballot papers are out. What is the government going to do with those? I think the horse has bolted. That is the way I understand it. But also, what is wrong with people having a say? Is the government so frightened of the outcome? There is not a lot of money involved. In many instances referendums for a lot of those shires could cost \$5,000 or \$10,000. At the end of the day, they are getting a significant input from the community so that we have some real idea of what people think. What is wrong with people having a say?

This legislation has the potential to change the way industrial relations works within councils. I mentioned that before. Councils will have little freedom to be able to define their own industrial relations future. We are seeing a really dictatorial way of this government trying to assist Kevin Rudd in the forthcoming federal election. I will tell members that a lot of people out there are going to send Kevin Rudd a very, very strong message about local government amalgamations. That will come straight back to the fellows opposite. They should wait and see. The people are a wake-up to what they are trying to do.

As I said, councils will have little freedom. The local transition committees will have to develop and implement new industrial arrangements under strict government controlled guidelines. So when the minister said out there that councils will be able to run their own businesses up until March 2008, that the transition committee will be there only to oversee how things are going and will put in place a plan for the implementation of the new regional council, that was simply all untrue. Unelected union officials will have a disproportionate ability to affect the outcomes of any IR initiatives and will be able to lock the new councils into the outcomes.

I am not sure what it is going to be—it is a moving feast from day to day—but basically we have three union officials on the interim committee, we have two councillors from each council that is being amalgamated and one person from the community, if that community wishes to have one, and the interim CEO. The minister can sack all of them any time he wants to. So what a set-up!

Through these arrangements, the government and the unions will have a chance to bring all council employees in Queensland under their preferred IR model. Given the current strong opposition to the federal WorkChoices legislation, it would be surprising if the new staff employee model did not reflect this opposition. I have mentioned that before.

New sections 159YU and 159YX clearly outline that local transition committees and any employment subcommittees will be bound to work under frameworks yet to be established by the state transition committee. All of this has been rushed through so fast that the government has not even put in place the mechanisms or understands how it is going to work. It is a matter of sucking and seeing from day to day. Further, the operation of the subcommittees will also be bound to work under yet another to be

established set of guidelines published by the chief executive. The government still has not made up its mind.

In effect this means that how council employees will be transitioned and employed after the 2008 elections can and most likely will be controlled by the state transitional committee and the chief executive, possibly by regulation. Of chief concern is that these defining regulations and guidelines are still unknown at this time and are of course subject to change at any time.

Under this bill, membership of a local transition committee can consist of up to three union representatives, all of whom will then sit on the employment subcommittee. When we look at division 9, state intervention powers, we shudder in fear at the power of the state minister. The minister will have the power to control and direct councils. The minister will be able to replace local transition committees. The minister will be able to direct council employees. I hope he can send a few of them out to fix the roads. The minister will be able to determine the allocation of assets, property and employees. All future local council businesses will be subject to the minister's consent and direction.

I think we do have a dictatorial arrangement that is coming in here. Why on earth do they want those powers anyway?

**Mrs Sullivan** interjected.

**Madam DEPUTY SPEAKER** (Ms Darling): Order! Member for Pumicestone, you will need to cease interjecting. Return to your seat if you would like to add to the debate.

**Mr HOBBS:** Can't we trust local communities? We have had 150 years, 120 years in some cases and certainly 100 years in other areas of councils that have been able to look after their own areas. Now the minister wants to take over and run the whole show. Something is not quite right here.

The new provisions of this bill go far beyond previous ministerial powers to sack a council and appoint an interim administration officer. The minister will have unprecedented powers to direct the future actions and directions of local councils in Queensland but will not be answerable to either ratepayers or elected councillors. The provisions are a fundamental attack on the role, responsibility and autonomy of democratically elected councils. It is no wonder the Prime Minister got involved. He said that local councils were being jackbooted. He said he thought that perhaps the Premier was drunk on power, and I think he might be right in saying that the Premier, the minister and the government are drunk on power. Fancy putting this legislation through. It is an absolute disgrace.

In future, the minister or chief executive will be allowed the final determination over any or all council businesses. Do not forget that this is not just until the new council is elected; this is for the next three or four years as well. It cannot get any worse than this. Anyone out there who was waiting to see what was in this bill will be horrified when they read it.

The provisions of this bill do not apply during the transition period but will apply once the transition to the new boundaries and councils is completed. It effectively disenfranchises ratepayers by allowing the minister or chief executive to direct local councils as the minister sees fit, with no right of appeal or redress. Previous elected councillors were answerable to ratepayers and held accountable at local council elections. Under the new sections proposed for the Local Government Act, every decision or action taken by an elected council will ultimately be subject to final ratification by the minister. I think the minister might have a few late nights if he has to sign all the stuff that is going through local government. Further, the minister will be able at any time to direct a local council to act in accordance with his future directions.

That is a thumbnail sketch of what this legislation is all about. I have a letter here from Mayor Phil Bougoure and in that letter he states—

What's happening to Democracy

Just today I was listening to ABC Radio when they reminded everyone that this week is the 62nd Anniversary of the dropping of two atomic bombs which brought to an end the war in the Pacific, which also made sure that Australia remained a democratic nation and we hoped that democracy would continue to be the way of life in Australia.

This is also the week that Mr Beattie and Mr Fraser have chosen to take away that democracy that so many of our mothers, fathers, brothers and sisters have died for.

Did Mr Beattie or Mr Fraser ever experience that telegram boy standing at the front door in tears to deliver a telegram saying—I'm sorry. The telegram would be to advise you that your loved one had been killed in action.

I would appeal to all backbench members of the State Parliament to use your democratic right and vote against this bill and allow all Queenslanders to continue to enjoy the democracy that their forebears fought and died for.

If this bill is not defeated may you all live with this injustice until the day you die.

That is signed Philip Bougoure, Mayor of the Tara Shire. I think that sums it up pretty well.

**Mr Hayward** interjected.

**Mr HOBBS:** The member at the back might want to laugh at what our forefathers fought and died for—democracy—and it is being taken away.

Let us look at the real reason the government is doing this. The reason the government gives is sustainability. The government is saying that it must merge councils because they are going to go broke. Every time the minister gets up—and even again yesterday—he keeps on saying that if we do not do this councils will go broke. No councils have gone broke in Queensland in our history and it is unlikely that councils will go broke. There are mechanisms in place. Treasury has to approve all loans. For any councils that do get into financial trouble for various reasons, there are management procedures in place.

I asked the minister in estimates how many councils were refused loans over the previous two years, and he said that there were five loans refused. Those five loans could have been for one or even two councils. I am not sure how many councils that was for, but only five loans were rejected by Treasury and yet we have to go through this mass amalgamation. I understand that those five loans relate to two councils. There are always going to be councils that have financial difficulties for various reasons—sometimes it is just the economic cycle that they are in. One good example is Jondaryan. The mayor, Peter Taylor, told me they had to borrow \$14 million for a sewerage works program. The grants had not come through. They would not have done it without the grants, but the grants had not come through at the time, so therefore they were assessed as having a bigger loan than they normally would have. But by the same token, once that work is done they are right for the next 15 to 20 years. With any snapshot done at a point in time there will always be councils having some issues in relation to finances but they will be different ones over different years, and they come out of it. It is like business. You borrow money when you buy a business and you sail a bit close to the wind for a while, and then you come out of it and away you go. That is the normal business cycle.

Aramac shire is a good example. Aramac shire is in the soundest financial position in the history of the shire. It is debt free; it just adopted a budget close to \$21 million and it has \$7 million in cash reserves. The Barcaldine shire, which it is amalgamating with, has a debt of \$1.6 million and a budget of \$7.5 million. A funds transfer is going on. Toowoomba City Council is a good example. There will be eight shires merging into one—seven outside shires. Toowoomba has 80-odd per cent of the debt and that is the case in many instances. It is the same thing with Cairns shire and Port Douglas shire. The debt levels from those bigger communities is enormous. A lot of these smaller shires have cash reserves put aside, as they are supposed to, and yet they aren't viable?

I mentioned Tara shire and Mayor Phil Bougoure a little while ago. They have nine million big ones in the bank and the minister says that they have to be amalgamated. There is no truth in what he is saying. There is no truth in it at all. It is just a fictitious argument that is being put up.

I return to the Aramac shire again. The Aramac shire does things that the bigger councils probably cannot do. The Aramac shire is fully funded in this year's budget to construct a new doctors surgery—that is basically a state government responsibility but if they do not do it nobody will—a new ambulance station and accommodation, four new aged-care homes and \$500,000 towards affordable housing for young people in the shire. It has a contract to seal Torrens Creek Road, of approximately \$18 million, which will put Aramac shire on the inland highway from Townsville to Melbourne.

This is the soundest financial position Aramac has been in, yet the minister wants to amalgamate that shire. There is no logic to it. When I was mayor in my hometown of Tambo—well, I was a chairman in those days—we put in place a process whereby money was put aside all the time to maintain the water mains and do repairs. Tambo is the most financial shire in the whole west. It has no debt and several million dollars in the bank, yet the government wants to amalgamate that council. Why? Because it is not financial? Something does not add up here, Minister. The question we ask in relation to people in the Aramac shire is this: how will that debt-free council with nearly \$21 million in the budget this year have improved financial sustainability if it is merged with a shire with a debt of \$1.6 million and a budget of \$7.5 million? How will those people be better off? Those people will be worse off.

I also have here a media release from Tanya Mansfield from Booringa. She said—

Workers from Booringa Shire Council in the state's south-west have written to the Minister for Local Government seeking assurances with regard to the government's promise of three years security of employment for all staff affected by the Local Government Reform Process.

The Shire of Booringa, which is 27,828 sq kilometres and provides employment to 82 workers has been recommended for amalgamation into the Roma Regional Council with the Warroo, Bungil, Bendemere and Roma Town Councils.

In their letter workers have expressed concerns that a condition of ongoing employment may be that staff relocate or commute to the designed regional centre of Roma which is equivalent to commuting daily from the New South Wales town of Byron Bay to Brisbane.

That is what the minister is asking them to do. He is asking them to relocate. Obviously those jobs will not be there in the administration area. There will be jobs in the workshop and the field for sure and they will put a couple of extra administration staff in the workshop, but there will not be much activity in those administration areas until eventually all the bureaucracy builds up. Tanya's media release continued—

Workers are also seeking assurances that the services and facilities they provide within the community including roadworks construction and maintenance, works depot, administration, youth and community development services, aged care facility, allied health and tourism facilities will continue to be operated from Mitchell.

Staff Spokesperson Tanya Mansfield said that, "We all have family and financial commitments. Any job losses will lead to bank foreclosures and family breakdown. In particular staff who reside on rural properties are supporting their families, feeding livestock and making bank repayments during this time of drought. Job losses will have devastating effect on both town based and rural employees."

The roads in our area are not of good standard and there is an abundance of wildlife along the roads. We respectfully ask the Minister to publicly say that as a father of two young children, it would have no impact on his family life if he had to commute the equivalent of Byron Bay to Brisbane daily.

The original letter which was transported for signing to the roadworks camps in the far reaches of the shire had been marked with the red dirt from the hands of the workers. The letter was forwarded to the Minister for Local Government the honourable Andrew Fraser today.

Workers will be taking leave and travelling to Brisbane on Friday to march in unity with community members, and other Shires to protest against forced amalgamations and raise awareness of the devastating effect this will have on small communities.

That is another example of what is really happening. As I said before, there has not been a lot of thought put into this. There has been no cost-benefit analysis done of this whole exercise, there has been no professional economic study, there has been no professional social impact study and there has been no academic study done that says that this is the way to go. In fact, the government commissioned Alan Morton from Morton Consulting to look at all the reports on amalgamations that have been done around Australia and the world to tell the government the benefits of amalgamations. He came back and said that there are none—there are no benefits. In fact he said that rates will go up. That is what he told the government. The minister has all those things there to tell him that what he is doing is wrong.

I have some figures here and I am not sure how they add up, so maybe the minister can confirm that later. In a press release the minister put out on 7 August, he said that he was providing a \$27.1 million funding package. That is fine, and I presume the \$12 million that was allocated as a staff support package is added on to make \$39.1 million. The interesting thing is that the bill today has a figure of \$36.22 million, so in three days the minister is already \$2.88 million behind and he has not caught up with that. I suspect it will cost the minister millions of dollars to implement this stupid process he is putting in place. It is so complicated.

**Madam DEPUTY SPEAKER** (Ms Darling): Order! Member for Warrego, I think that was unparliamentary language. Will you rephrase that, please?

**Mr HOBBS:** I withdraw. The minister said it would cost \$27 million this year to implement this reform. What about next year and the year after and then for the next five years? It will cost millions of dollars. It will cost the minister hundreds of millions of dollars in the end to try to cobble this monster that he has here together. Let us talk about some of the academic people who in fact have done some work on this.

**Mr Hayward:** Unlike you.

**Mr HOBBS:** I will read some of this for the honourable member. He might listen to some of the advice from these people and he might be surprised. Mark McGovern is a man who does a lot of work with local government and understands it. He said—

... there is no real case for the changes apparently envisaged by tyro minister Andrew Fraser.

Review of the various documents shows no basis in economics or finance for the local government "reform process" currently under way in Queensland.

Sadly, much commentary reveals poor understanding of economics and finance compounded by a failure to appreciate the details of analysis.

This is a man who has some idea about what is going on in the local government field. We have a brand-new minister out there running around trying to take over the show and this man says, 'You've got no idea, mate.' Mark McGovern continued—

For some unknown reason the remedy for "the distressed" is now to be applied to all councils.

There were two councils that were what is called 'distressed', and I think there were 43 in the 'weak' category. I will deal later with how the government changed the categories to try to trap more councils into that area. Mark McGovern said—

For some unknown reason the remedy for "the distressed" is now to be applied to all councils. This is, at best, an amazing failure of logic. It is the sort of mistake sometimes seen in the works of a thoroughly confused undergraduate.

Congratulations, Minister, that is what he said to you—you are a thoroughly confused undergraduate. Mark McGovern continued—

It is important to note that the three reports noted appear generally competent and professionally written. Much of the material is beneficial but improper use and misrepresentation is a problem.

The minister knows that he has done that. The financial issues of councils will not be solved by amalgamation. There are federal issues in relation to the amount of funding they get across Australia and also the cost shifting that this government keeps pushing on councils all the time. We even saw the situation where councils had to do the fire inspections. It cost them \$10 million over five years because of an increased workload plus public liability insurance, so councils have been lumbered with an enormous amount of work. I think it is \$30 million a year that has been pushed on to councils from state and federal governments in cost shifting. That is from the report by the Productivity Commission and it is there for all to

see. They are the pressures that are on the councils. Amalgamation will not help. If two or three so-called unsustainable shires are put together, all the government will do is create one bigger unsustainable shire.

**Mr Fraser:** What did McGrath Nichol say will happen if you don't amalgamate?

**Mr HOBBS:** I will deal with that later on, Minister. Mr McGovern makes many other comments. A more recent statement from Mr McGovern was—

... the increasingly ridiculous State 'Local Government Reform' initiative continued. Increasingly revealed economic and financial evidence, including from once suppressed government documents, underlines the folly. How long can denial of realities continue? How long can an obsolete and so manifestly failing agenda be given credence in George Street?

There is heaps of stuff in there that is interesting reading. Let us have a look at the McGrath Nichol report. This company are international receivers and administrators. They had the job of looking at these so-called weak councils that the government said will fall over and it had to move otherwise they would collapse financially. This company looked at those councils and found there was no chance that those councils would fall into receivership in the foreseeable future—which was a two to 10 year time frame. They also said that of all of those councils they had examined there was enough lead time, had there been issues, for them to trade their way out of it, which they had supervised on numerous other occasions.

Interestingly enough, they also reported that those councils had better financial ratings than some of our major companies listed on the Australian Stock Exchange. On the one hand we have a minister who says that the councils are going broke and on the other hand we have a professional person who has looked at the books—not an undergraduate, as Mr McGovern said—and found that the books were okay. Somebody is not telling the truth. I wonder who it is. I think McGrath Nichol would have a bit more credence than the so-called undergraduate that Mr McGovern talks about.

What is also stated in the report is that, yes, there are issues. No-one has denied there are sustainability issues in local government. Nor do we dispute the fact that there are sustainability issues in primary industries and other industries. We try to look for ways to do it better. However, the minister argues that because councils went into the Triple S process they admitted they were dead and he might as well bury them. All they were doing was looking at ways to improve their lot. They were doing that. Resource sharing is the answer to better sustainability of councils. The representation can at least be kept. Now the 'local' has been taken out of local government. It is now regional government.

Returning to the issue of the financial situation, what the government has said in relation to those councils going broke is totally untrue. I have already covered the Morton report. If the minister is so sure that what he is doing is correct why is it that he has to sneak in and out of town? I know I cannot hold the Toowoomba *Chronicle* up, but let me read to members the front page—

**Mr Fraser:** If it was so sneaky why were they there the whole time? The media were there the whole time—all the councillors, all the mayors.

**Mr HOBBS:** You sit down, mate. It is my turn to talk and it is your turn to listen.

... Andrew Fraser snuck into Toowoomba yesterday to face questions about amalgamation. His visit was kept quiet and councillors from the eight merged shires only heard about their 2.30 pm appointment hours earlier.

**Mr Fraser:** Not true.

**Mr HOBBS:** The media were there because the minister told them to be there at the time. That is why the media were there. But nobody else knew about it apart from those councillors. The minister did not have the courage—no ticker, mate—to get out there and front the people.

**Mr Fraser:** Don't call me mate.

**Madam DEPUTY SPEAKER (Ms Darling):** Order! Member for Warrego?

**Mr HOBBS:** I withdraw. At the end of the day the minister snuck in and snuck out. What did the minister do when he went to the Sunshine Coast? He snuck up there. He kept on saying that the media were there, but he told the media to be there when he arrived. The minister did not tell the other people to be there and he did not have the courage to put in the paper that he was turning up because he was frightened. That is the reason. The Premier, along with the minister, is always saying this, and this is the Premier's quote on 4BC—

What you're hearing is over 700 politicians who will lose their jobs don't like it, but a majority of Queenslanders do.

Guess what? A significant poll was conducted by a reputable group. The question was whether they supported the council changes recommended in their area. The result was that 53.8 per cent opposed it. That is across the board. Another question was: is a referendum necessary? The result of that was that 58.9 per cent said yes. Everyone is saying we should have a referendum. They are all saying, 'Hang on a minute, we don't like what you are doing,' and the government is soldiering on. People have long memories and they will certainly not be forgetting this.

Another interesting point is that the government is saying that councils' budgets are very bad and they cannot manage their financials. One only has to look at the Auditor-General's reports of yesterday and today to see that the government has been knocked for a six. The Auditor-General is scathing of what has

been done. I note that the Treasury department advocates that a cost-benefit approach be adopted with accountable officers having discretion to decide what supporting systems are required to provide them with information to ensure their obligations in this regard are adequately met. The minister did not even do a cost-benefit analysis of this whole local government amalgamation set-up. When one thinks about it, local government is worth \$86 billion. Queensland Rail is worth \$10 billion. It is a huge organisation and a cost-benefit analysis has not been undertaken. The Auditor-General's report today is scathing about the government. This section I think is particularly interesting.

**Mr Hayward:** We will decide.

**Mr HOBBS:** I am sure you will. The Auditor-General stated that the impression gained during the audit was that not only was the performance information reported to parliament of limited relevance for external stakeholders but also this performance information was not used extensively by the government and departmental officers responsible for resource allocation and monitoring activity.

In other words, the stuff being put in the budget was rubbish. Of course the Auditor-General has picked it up. The Auditor-General also mentioned the fact that the performance information should be balanced, address the department's key activities and report both the good and the not-so-good achievements. All these things that the government has done are simply not true.

I asked the Deputy Premier a question the other day about my own home town of Tambo. I referred her to the fact that as a result of the QTC analysis and the forced council amalgamation the local bank is reassessing whether it can continue operations, the Post Office has raised concerns about the loss of business in town and the banks have already started lowering property valuations. It is happening out there now. The minister talks about the fact that the councils will be big and can negotiate with the mining companies. We have no mining out there; there are vast grazing areas. The town has done a tremendous job over the years to maintain employment. We used to be a shearing town. The shearers are gone but we have a sawmill now. There has been an enormous amount of work done by Tambo Teddies and others to try to keep jobs going. Councils in towns such as Tambo often buy locally and may spend up to \$2 million a year locally on fuel, tyres and hardware. That money bounces around town. If one multiplies that by the economic factor of five, there is \$10 million that bounces around those towns each year and is distributed out, through the private enterprise structure, to the tyre shop, the cafe, the hardware store, the shops and the fuel depots. When that stops what happens?

It is the multiplying factor. It would be like taking out a significant portion—say, a third—of the revenue from Brisbane. Say the wharves were all closed down, what would happen? People would be out of work and the schools would be reduced. The Deputy Premier really had no idea. I thought she was half smirking about the whole thing and thinking how silly it was. The reality is that it is very serious.

Generations have spent years and years trying to build up these areas. We used to have future search workshops to try to find ways to improve business. Tambo Teddies came from one of those workshops. The Charleville abattoir came about as a result of barnstorming when we asked, 'What on earth are we going to do? What have we got out here in this region? We have mulga trees, livestock and kangaroos and so forth.' So they built an abattoir and it worked. But if the government takes the councils out of those towns there would be a serious shortfall in funding and then there would be social problems. Someone somewhere has to pay. It is ridiculous.

Let us look at the Torres Strait. The government is proposing to wipe out 17 councils and replace them with one. Yet all those councils up there have a job to do. In a way they are our unpaid coastwatchers. They look out for immigration issues and disease outbreaks. When a cyclone comes who is going to be there? The government is taking the whole heart and soul out of those communities. They do not deserve that. They have had 50 to 70 years of local government, of self-determination. The government is taking away the right of Torres Strait Islanders to look after their own communities. It is disgraceful, and it does not have to do that. All the government has to do is put in place a system. It can keep the councils there but it can have one single accounting process, and the people are happy for that to occur. But this government is not interested. It is the old dictatorial, jackboots, 'Get in there,' sort of attitude.

The minister keeps on talking about the fact that when electoral boundaries are drawn there is no appeal. However, there is an appeal against electoral boundaries, but there is no appeal provision for this. The minister has taken away every right of appeal. The real reason the government has done this is that it wants to divert attention away from the economic crisis, the water crisis and the infrastructure crisis. It wants to take over south-east Queensland's water. I believe there is another sinister motive behind the scenes and that is that the government wants to make sure that those council boundaries are put in place before the redistribution of state electoral boundaries so it can try to rot the electoral boundaries. That is what it is trying to do. Members opposite know that as well as I do, because the electoral boundaries—

**Ms DARLING:** I rise to a point of order. I take offence on behalf of the government at the member thinking we are going to rot electoral boundaries. There are no rotters on this side of the House.

**Mr HOBBS:** I say bingo, gotcha. I have hit the nail right on the head.

**Madam DEPUTY SPEAKER (Ms van Litsenburg):** Order! There is no point of order.

**Mr HOBBS:** That is what I say the government is doing. People might not know—but I will tell them—that electoral boundaries are drawn on council boundaries. That is why there is a rush to get this done. There is no reason why this council reform could not be done in three or four years. Why rush it? Why not go about it in a professional way? Who on earth would want to rush out there and try to amalgamate all these councils and create all this confusion in record time? The government has given no time for the community to have a real say. I think something smells here and I think it might be a little fiddling with the electoral boundaries. It will be saving a few backsides over there. That is what the government is doing. Do you smell a rat?

**Mr Springborg:** Lots of rats.

**Mr HOBBS:** I think so, too. There are other issues. I think the Premier believes that local governments are a training ground for conservative politicians. That is another reason, which he has mentioned before, and he wants to change that. Therefore, we can assume that the government has made a purely political decision that will have a purely political solution. The political solution will be that when we come to government we will give people the right to de-amalgamate. We will allow councils to do that. They need to hold a referendum. I encourage all councils to conduct a poll through the Australian Electoral Commission, as allowed by the Prime Minister. If their community tells them quite clearly that they do not want to be amalgamated, we will allow them to de-amalgamate. But the next opportunity people have to express their views is the federal election. They should send a strong message by not supporting Kevin Rudd. They should send a message to Beattie that we do not want enforced council amalgamations because it is no good for the communities. The regional areas will deteriorate. Look at what will happen to all of those Torres Strait Islander councils. The government has destroyed them.