







Inquiry into the Draft Local Government (Dissolution of Ipswich City Council) Bill 2018

Report No. 12, 56th Parliament Economics and Governance Committee August 2018

Economics and Governance Committee

Chair Mr Linus Power MP, Member for Logan

Deputy Chair Mr Ray Stevens MP, Member for Mermaid Beach

Members Ms Nikki Boyd MP, Member for Pine Rivers

Mr Sam O'Connor MP, Member for Bonney

Mr Dan Purdie MP, Member for Ninderry

Ms Kim Richards MP, Member for Redlands

Committee Secretariat

Telephone +61 7 3553 6637

Fax +61 7 3553 6699

Email egc@parliament.qld.gov.au

Technical Scrutiny

Secretariat

+61 7 3553 6601

Committee webpage www.parliament.qld.gov.au/egc

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Abbreviations

ссс	Crime and Corruption Commission				
CCC's report	Culture and corruption risks in local government: Lessons from an investigation into Ipswich City Council (Operation Windage)				
CEO	Chief Executive Officer				
COB Act	City of Brisbane Act 2010				
committee	Economics and Governance Committee				
department	Department of Local Government, Racing and Multicultural Affairs				
draft Bill	Draft Local Government (Dissolution of Ipswich City Council) Bill 2018				
Duncan v New South Wales High Court case	Duncan v New South Wales; NuCoal Resources Limited v New South Wales; Cascade Coal Pty Limited v New South Wales [2015] HCA 13				
ICAC Independent Commission Against Corruption					
ICC	Ipswich City Council				
ICCRP	Independent Councillor Conduct Review Panel				
LG Act	Local Government Act 2009				
LGAQ	Local Government Association of Queensland				
LSA	Legislative Standards Act 1992				
POQA	Parliament of Queensland Act 2001				
QLGRA	Queensland Local Government Reform Alliance Inc				
SO	Standing Order				

Chair's foreword

This report presents a summary of the Economics and Governance Committee's (the committee) inquiry into the draft Local Government (Dissolution of Ipswich City Council) Bill 2018 (the draft Bill).

The committee's inquiry considered the policy to be achieved by the draft Bill and the application of fundamental legislative principles as if it were a Bill introduced to, and referred to the committee by, the Legislative Assembly.

The committee noted that the objective of the draft Bill is to take the significant step of dissolving the lpswich City Council to restore community confidence and certainty after the Crime and Corruption Commission (CCC) investigation led to 15 people, who are either councillors, council employees or council contractors, being charged with in excess of 75 offences. The CCC has also released the report Culture and corruption risks in local government: Lessons from an investigation into Ipswich City Council (Operation Windage) which refers to an unhealthy culture, a lack of oversight and accountability, and a lack of transparency within the Ipswich City Council. These are serious issues that any government needs to take action to rectify.

The draft Bill expedites the existing power the Minister has to dissolve a council under section 123 of the *Local Government Act 2019* (the LG Act). The intent of the Parliament for the Minister to act in a similar expedited manner to that which the draft Bill provides, is clear in sections 120 (2)(c) and 114 of the current LG Act.

The committee knows that councillors have a duty to represent the interests of residents in their local ward, but just as importantly a duty to the good governance of the whole local government area.

The committee heard from witnesses, including the current councillors, that when considering this draft Bill the committee should be concerned primarily with the interests of the individual councillors who will be affected by this draft Bill. However, the committee also heard from Mr MacSporran of the CCC that 'the concerns of the Parliament, however, should go beyond the interests of individual councillors as the Parliament seeks a comprehensive solution in response to serious governance, ethical and cultural concerns'.

Both section 123 of the LG Act and this draft Bill do not rely on a finding or implication of guilt of an individual councillor. Instead it seeks, as Mr MacSporran put it, to 'restore public confidence in the local government for the community of Ipswich'.

The committee carefully considered these alternative views as well as all other submissions before determining that the draft Bill, if presented to the Parliament, should be passed.

On behalf of the committee, I thank those individuals and organisations who made written submissions and appeared as witnesses at the public hearings for the committee's inquiry. I also thank our Parliamentary Service staff and the Department of Local Government, Racing and Multicultural Affairs.

I commend this report to the House.

Linus Power MP

Chair

Recommendations

Recommendation 1 2

The committee recommends (on the basis that the draft Bill is introduced) that the Legislative Assembly pass the Local Government (Dissolution of Ipswich City Council) Bill 2018.

Recommendation 2 20

The committee recommends that the draft Bill be amended to allow for the Minister to appoint an acting interim administrator in circumstances of short-term absences of the interim administrator.

Recommendation 3 22

The committee recommends that the draft Bill be amended to clarify that an Ipswich City Council councillor can be nominated as a candidate or for appointment as a councillor for any local government election in 2020.

1 Introduction

1.1 Role of the committee

The Economics and Governance Committee (the committee) is a portfolio committee of the Legislative Assembly. 1

The committee's primary areas of responsibility include:

- · Premier and Cabinet, and Trade
- Treasury, and Aboriginal and Torres Strait Islander Partnerships
- Local Government, Racing and Multicultural Affairs.²

In relation to its areas of responsibility, the committee:

- examines Bills to consider the policy to be enacted and the application of the fundamental legislative principles
- examines the estimates of departments
- considers the lawfulness of subordinate legislation
- assesses the public accounts of each department in regard to the integrity, economy, efficiency and effectiveness of financial management
- considers departments' public works in light of matters including the suitability of the works
 for their purpose, necessity for the works, value for money, revenue produced by and
 recurrent costs of the works, present and prospective public value of the works,
 procurement methods used for the works
- investigates any issue referred to it by the Legislative Assembly or under an Act, and
- may initiate an inquiry into any other matter it considers appropriate.

1.2 Inquiry process

On 17 July 2018, the committee resolved to initiate an inquiry into the draft Local Government (Dissolution of Ipswich City Council) Bill 2018 (the draft Bill), in accordance with section 92(1)(d) of the *Parliament of Queensland Act 2001*.

The inquiry examined the policy to be enacted by the draft Bill and the application of the fundamental legislative principles to the draft Bill.

During its inquiry into the draft Bill, the committee:

- invited written submissions from the public, identified stakeholders and subscribers; a list of the 39 submissions received and accepted by the committee is at **Appendix A**
- received a public briefing from the Department of Local Government, Racing and Multicultural Affairs (the department) on 20 July 2018; a list of witnesses who appeared at the briefing is at Appendix B
- held two public hearings on 30 July 2018 in Ipswich and Brisbane; a list of witnesses who appeared at the hearings is at **Appendix C.**

Copies of the material published in relation to the committee's inquiry, including submissions, correspondence, and transcripts are available on the committee's webpage.

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The committee was established on 15 February 2018 under the *Parliament of Queensland Act 2001* (POQA) section 88 and the Standing Rules and Orders of the Legislative Assembly (Standing Orders), SO 194.

² POQA, s 88; SO 194, sch 6.

1.3 Outcome of committee consideration

After examining the draft Bill, including the policy objectives it is intended to achieve, and considering the information provided by the department, submitters and witnesses, the committee recommends (on the basis that the draft Bill is introduced) that the Legislative Assembly pass the Local Government (Dissolution of Ipswich City Council) Bill 2018.

Recommendation 1

The committee recommends (on the basis that the draft Bill is introduced) that the Legislative Assembly pass the Local Government (Dissolution of Ipswich City Council) Bill 2018.

2 Background to the draft Bill

2.1 Local government standards and conduct

In Queensland, local government is established and governed principally by the *Local Government Act 2009* (LG Act) and the *City of Brisbane Act 2010* (COB Act). The Ipswich City Council (ICC) is covered by the LG Act. The LG Act defines a local government (council) as an elected body responsible for the good rule and local government of its prescribed local government area, and empowers councils to do anything necessary or convenient to fulfil that responsibility.³

Under the LG Act, councillors must represent the current and future interests of the residents of the council area, and 'must serve the overall public interest of the whole local government area' when performing a responsibility. The Independent Councillor Complaints Review Panel (ICCRP) has stated:

Councillors hold positions of authority that have significant potential to influence the wellbeing of their local government area. How they conduct themselves, and how they are seen to behave, matters to both their own constituents and the local government sector as a whole.⁵

Furthermore, all councillors are responsible for being accountable to the community for the local government's performance.⁶

The LG Act establishes standards of conduct expected of councillors through a range of provisions such as:

- *local government principles*, including transparent and effective processes and decision-making in the public interest, and ethical and legal behaviour of councillors⁷
- councillor responsibilities, including providing high quality leadership to the council and community, participating in council meetings and decision-making for the benefit of the local government area and being accountable to the community for the council's performance⁸
- councillor obligations, including the proper use and protection of 'insider' information, maintaining a correct register of interests and declaring and dealing with material personal interests and conflicts of interests,⁹ and
- councillor conduct and performance, including dealing with alleged inappropriate conduct, misconduct and corrupt conduct by councillors.¹⁰

2.2 Existing framework for the dismissal of a local government

The LG Act allows the Minister to gather information to monitor and evaluate whether a local government or a councillor is performing their responsibilities properly or complying with the local government legislation. If the information shows that the local government or councillor is not performing their responsibilities properly, or is not complying with the LG Act, the Minister may take remedial action to improve the local government's or councillor's performance or compliance.¹¹

³ LG Act, ss 8 and 9; ICCRP, Councillor Complaints Report, January 2017, p 18.

⁴ LG Act, s 12.

⁵ ICCRP, *Discussion Paper*, August 2016, p 7.

⁶ LG Act, s 12(3)(d).

⁷ LG Act, s 4.

⁸ LG Act. s 12.

The mayor has extra responsibilities such as leading and managing council meetings including the conduct of participants, directing the chief executive officer and representing the council at functions.

⁹ LG Act, ss 169-173.

LG Act, Chapter 6, Division 6.

¹¹ LG Act, s 113.

If the Minister proposes to take remedial action, the Minister must give the local government in question a written notice of the proposal to exercise the power, and must subsequently have regard to all submissions that are made by the local government within the time specified in the notice. If the Minister receives no submissions from the local government within the time specified in the notice, or the submissions from the local government do not contain reasonable grounds to persuade the Minister not to exercise the power, the Minister may exercise the power without providing it further notice. ¹²

If the Minister reasonably believes that a local government has seriously or continuously breached the local government principles, is incapable of performing its responsibilities, or it is otherwise in the public interest that every councillor be suspended or dismissed, the Minister may recommend that the Governor in Council suspend every councillor for a period stated in the notice, and may also dissolve the local government.¹³

In either situation, the Minister may recommend that the Governor in Council appoint an interim administrator to act in place of the councillors until the stated period ends or to act in place of the councillors until the conclusion of a fresh election of councillors. The Legislative Assembly ratifies the dissolution of the local government, and the LG Act states that 'It is Parliament's intention that a fresh election of the councillors of the local government should be held as soon as practicable after the decision is ratified by the Legislative Assembly'.¹⁴

The interim administrator has all the responsibilities and powers of the local government and the mayor, however a regulation may limit the responsibilities and powers of the interim administrator. The Governor in Council may direct a local government for which an interim administrator is appointed to pay to the Minister an amount specified in the direction for the costs and expenses of the interim administrator. ¹⁵

The Minister may create an advisory committee to give the interim administrator advice about the performance of the local government's responsibilities. ¹⁶ The Minister may also appoint a committee of persons, referred to as the interim management committee, to help the interim administrator to perform the interim administrator's responsibilities. The interim administrator is the chair of the committee. ¹⁷

2.3 Context for the draft Bill

The Crime and Corruption Commission (CCC) has been investigating the ICC in respect of allegations of corruption since October 2016, ¹⁸ and the investigation remains ongoing. To date, 15 people have been charged with 86 criminal offences, with seven of the 15 people charged being either current or former staff members or councillors. This includes two mayors, two chief executive officers and a chief operating officer. ¹⁹

On Thursday 3 May 2018, the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs, Hon Stirling Hinchliffe MP (the Minister), asked ICC to show cause within 21 days

¹² LG Act, s 120.

¹³ LG Act, s 123.

¹⁴ LG Act, s 123.

¹⁵ LG Act, s 124.

¹⁶ LG Act, s 124(10).

¹⁷ LG Act, s 205.

¹⁸ Mr Alan MacSporran QC, CCC, Estimates public hearing transcript, Brisbane, 26 July 2018, p 4.

Media Release, Statement from CCC Chairperson - 12 July 2018, http://www.ccc.qld.gov.au/news-and-media/ccc-media-releases/statement-from-ccc-chairperson-12-july-2018 (accessed 19 July 2018); CCC, Culture and corruption risks in local government: Lessons from an investigation into Ipswich City Council (Operation Windage), August 2018, p 6.

why it should not be suspended or dismissed. The Minister received a submission from the ICC on 24 May 2018.²⁰

On 20 June 2018, the Minister issued a second show cause notice, requesting the ICC and councillors respond to further matters regarding whether they should not be dismissed or suspended, using the new 'public interest' provisions under the LG Act.²¹

On 26 June 2018, ICC filed documents to the Supreme Court seeking to overturn the state government's show cause notice against its elected councillors.²²

On 9 July 2018, the Minister released a media statement advising that the government will be introducing legislation during the sitting week commencing 21 August 2018, to dismiss the ICC and appoint an administrator until the next general local government election in March 2020.²³

The Minister then wrote to the committee on 16 July 2018 advising of his intention to introduce the Local Government (Dissolution of Ipswich City Council) Bill 2018 during the Parliament sitting of 21-23 August 2018, and the intention of the government to seek to pass this legislation during the same sitting week. To assist the Parliament with making an informed decision on the legislation to be introduced, the Minister provided a copy of the draft Bill and draft explanatory notes to the committee, and requested that the committee initiate an inquiry into the draft Bill, and to subsequently report on its inquiry by 17 August 2018.²⁴

^{&#}x27;Statement from Local Government Minister Stirling Hinchliffe' 24 May Media release. http://statements.qld.gov.au/Statement/2018/5/24/statement-from-local-government-minister-stirling-hinchliffe (accessed 19 July 2018).

release, 'Statement on **Ipswich** City Council' 20 June 2018, http://statements.qld.gov.au/Statement/2018/6/20/statement-on-ipswich-city-council (accessed 19 July 2018)

²² Submission 28, p 3.

Media

²³ release, 'Fast-tracked legislation deliver certainty Ipswich', 2018, http://statements.qld.gov.au/Statement/2018/7/9/fasttracked-legislation-to-deliver-certainty-for-ipswich 19 July 2018).

Correspondence, 16 July 2018.

3 Consideration of the draft Bill

The objectives of the draft Bill are to dissolve the ICC, and to provide for the appointment of an interim administrator to act in place of the ICC councillors for an interim period, to 'resolve concerns relating to ICC and to provide the Ipswich community with certainty'. ²⁵

The following provides an outline of how the draft Bill proposes to achieve these objectives, and stakeholder views on the components of the draft Bill.

3.1 Dissolution of Ipswich City Council and end of term of Ipswich City Councillors

The draft Bill proposes to dissolve the ICC and end each councillor's term, ²⁶ despite the LG Act which currently provides that a councillor's term ends:

- if the councillor is elected at a quadrennial election or at a fresh election—at the conclusion of the next quadrennial election, or
- if the councillor is elected at a fresh election and a declaration is also made under a regulation—at the conclusion of the quadrennial election after the next quadrennial election, or
- if the councillor is elected or appointed to fill a vacancy in the office of another councillor—at the end of the other councillor's term, or
- when the Legislative Assembly ratifies the dissolution of the local government under section 123, or
- when the councillor's office becomes otherwise vacant.²⁷

Under the draft Bill, an ICC councillor means a person who immediately before the commencement of the dissolution of the ICC held office as a councillor, including as mayor of ICC.²⁸ The draft Bill also proposes that, if a councillor is suspended under provisions in the LG Act at the commencement of the Bill, the suspension ends when the councillor's term ends under this Bill.²⁹

Under the draft Bill, the end of a councillor's term does not give rise to a vacancy in the office of the councillor, as it normally would under the LG Act. ³⁰

3.1.1 Stakeholder views

Submissions to the inquiry can be distinguished by whether the impact of the draft Bill on individuals is a primary concern (for example, submissions from the councillors and ICC, Queensland Law Society and Local Government Association of Queensland (LGAQ)) or whether the broader concept of trust in a public institution should be the primary focus (for example, the CCC and the Queensland Local Government Reform Alliance (QLGRA)). This underlying concern is discussed in more detail in section 4.1.1; the rights and liberties of individuals being a 'fundamental legislative principle' for Queensland legislation.

Submissions also focused on the impact of the draft Bill on the community, and implications for democracy. The following provides an outline of the issues raised by submitters and the witnesses who appeared at the public hearings.

²⁷ LG Act, s 159.

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Draft explanatory notes, p 1.

Draft Bill, cl 4.

Public briefing transcript, Brisbane, 20 July 2018, p 2.

²⁹ Draft Bill, cl 4.

Draft Bill, cl 4. If there was considered to be a vacancy under the LG Act, s 163(2) would normally require the office to be filled because it is six months or more before quadrennial elections are required to be held.

Views about Ipswich City Council and the need for the draft Bill

There was some support for the dissolution of the ICC and the end of each ICC councillor's term, with submitters making reference to the alleged criminal activities and systemic failures of governance within council, and the subsequent impacts on themselves and the Ipswich community.³¹

For example, Ms Kirsty O'Brien stated:

The Ipswich City Council needs to be removed as it has failed to represent the current and future interests of the residents of Ipswich and its policy development and decision-making has not been beneficial to Ipswich.

Aside from any alleged criminal activities, the council's organisational culture enables systemic problems which may put it and its staff at risk of not being compliant with acts covering areas such as workplace health and safety, discrimination, and the public service act.³²

In its submission to the committee, the CCC referred to 'significant and extremely concerning governance failures and cultural issues within the Council', including the following:

- an improper use of power and influence for personal benefit
- a lack of oversight and accountability for expenditure and public resources
- inappropriate relationships between Council and the private sector, in particular property developers and contractors
- use of mechanisms that allowed avoidance of scrutiny of actions and decision making
- an inability or unwillingness of council officers to stand up to inappropriate instructions or behaviour of former Mayor Pisasale
- failures to report suspicions of corruption, including by successive Chief Executive Officers
- instructions to council officers to breach policy and procedures and falsify records, and
- abusive attitudes towards council officers. 33

At the public hearing, Mr Alan MacSporran QC, chairperson of the CCC, stated that he supported the dissolution of the ICC because:

...there has been a collapse of public confidence in that council and those councillors. That is what is being addressed here. It is not about them individually being guilty of misconduct or otherwise. It is about systemic failures collectively of good governance, and a lack of transparency and accountability across-the-board. They stand or fall, as they must, under the Local Government Act and the Constitution of Queensland as the body, the entity, collectively responsible for the good governance of that community. There has been a failure of that.³⁴

However, a number of submitters took issue with the reasons given for dissolving the ICC and ending the councillors' terms. Some submitters stated that they still supported their council,³⁵ and councillors referred in their submissions to the support they have received from constituents, as well as polling showing support for the ICC.³⁶

Submission 6, pp 1-2.

³¹ See for example submissions 1, 4, 5, 7, 22, 29, 33, 39.

Submission 7, p 1.

Public hearing transcript, Brisbane, 30 July 2018, p 23.

See for example submissions 3, 12, 15.

See for example submissions 8, 9, 14, 20, 25.

For example, Ms Eunice Shanahan stated 'We have lived here for 40 years and feel that overall the council members have been hard working and accountable. Our current members should not be punished for something they have not done'.³⁷

Concerns were raised by councillors about the two show cause notices issued by the Minister, with submitters questioning the validity of the reasons given in the show cause notices for the ICC's dissolution.³⁸ For example, Cr Kerry Silver stated that the draft Bill:

...breaches my rights and liberties as an elected representative for the people of the City of Ipswich, as Minister Hinchliffe has not proven in his Show Cause Notices any matters which relate to my inability to function, govern and make decisions which are in the best interests of the people of Ipswich.³⁹

The ICC submitted that instead of valid reasons being put forward for the dismissal of the ICC, the council is being judged on 'the mere existence of negative publicity and comment'.⁴⁰

Some submitters also argued that the ICC is not dysfunctional as evidenced by its financial position, high level of service to the community, and industry awards.⁴¹

Some councillors stated in their submissions and at the public hearing that they should not be held accountable for the actions of others, especially as their work routines and contact with other councillors and council staff meant they were not aware, and did not have any specific evidence, of the alleged criminal behaviour.⁴² For example, Acting Mayor Wayne Wendt stated:

It is funny, though, as councillors are unlike parliamentarians, where you will meet 15, 16 or 17 times a year in parliament from Monday through to Friday. You spend nearly a week together, eat together, sleep in the same building and go to meetings all day, every day. Council is quite different. I found it quite strange in that we only actually meet as a group probably four times a month, at most. They are all out in their divisions doing their own thing. We do not see as much of each other as parliamentarians do, which I found quite strange. That makes it easier for people, particularly with influence, to be able to do some things that you might not be aware of. 43

Specific reference was made during the public hearing with the ICC councillors to the change to the LG Act in 2012, which amended the provision that allows the mayor to give a direction to the chief executive officer or senior executive employees, so that there was no requirement for the request to be recorded.

Cr Tully advised:

Every councillor, including the mayor, previously was prevented from directing staff and it was an offence for them to give such direction. Section 170 was amended in 2012 to provide that the mayor may give a direction to the chief executive officer or senior executive employees.

...

The legislation says that we do not get involved in day-to-day operational issues. There are good reasons for that. Councillors under the act set the policy direction of the council.⁴⁴

Cr Bromage also advised:

Submission 3, p 1.

See for example submissions 9, 10, 21, 31.

Submission 14, p 1.

Submission 28, p 4.

See for example submissions 9, 35, 36.

See for example submission 8; Public hearing transcript, Brisbane, 30 July 2018, p 4.

Public hearing transcript, Brisbane, 30 July 2018, p 4.

Public hearing transcript, Ipswich, 30 July 2018, p 17.

As you know, the ability to record that decision for everyone to see is not in the act anymore whereas it previously was. We feel that there are a lot of decisions that are made outside of council's and councillors' knowledge as well.

...

I think most of those issues that you have raised there are staff matters, where the direction is actually set by the CEO for the staff to follow. The majority of those issues that you raised about staff not following procedure, the payments and things like that are not a councillor's role.⁴⁵

Further to this, it was argued by some submitters that the behaviours of those charged were only uncovered due to the CCC being able to investigate using its investigatory powers and therefore councillors could not be expected to have known about the behaviour of other councillors or council staff.⁴⁶

However, Mr MacSporran countered this argument by referring to a newspaper article in which he stated:

Councillor Tully came out and made those comments that effectively said, 'Look, he was so popular that there was a culture of silence not challenging him because we did not want to ruffle feathers. He would always say that unity is what the public want to hear and that they don't want to hear squabbles so don't be complaining in public, but behind closed doors it was a very different scenario'. 47

Mr MacSporran also refuted the argument that only the CCC's investigatory powers could have led to the discovery of the behaviours of those charged, stating:

Before we apply for a telephone interception capability, a surveillance device warrant, before we call someone into a hearing, we have to have a very strong prima facie case that there has been corruption that needs to be investigated. We rely upon people internally to report things and provide evidence of it. That gets us started. Then we can exercise those powers if there is a reasonable suspicion. If it is just a bald allegation without support because someone has a feeling that there is something going on, that is not enough. That is why corruption is so hard to uncover and investigate successfully. You almost need someone on the inside who can show you where the bodies are buried. Otherwise, you do not get off the ground, even with our extraordinary powers, as mentioned.⁴⁸

Submitters, such as Mr Peter Lynam and Ms O'Brien, questioned how councillors elected to lead the local community could be unaware of the alleged behaviours.⁴⁹

Some submitters asserted that those councillors elected more recently should not be held responsible or punished for the alleged behaviours of those charged before they were elected. 50

Submitters also made reference to the efforts of the ICC to improve practices and fix the issues identified once the first charges were laid. Ipswich City Council's submission advised that it had engaged a consulting company to undertake a governance review, and recommendations had been implemented and completed earlier in 2018, in addition to the actions identified by Cr Andrew Antoniolli. In addition, ICC advised that it has initiated action to wind up four ICC controlled entities and changed the corporate structure of the ICC owned entity with carriage of a CBD development

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Public hearing transcript, Ipswich, 30 July 2018, p 12.

See for example submissions 25, 28.

Public hearing transcript, Brisbane, 30 July 2018, p 23.

Public hearing transcript, Brisbane, 30 July 2018, p 25.

Submissions 5, 7.

See for example submissions 14, 28, 30, 36.

project. The ICC has also engaged with the CCC on the ICC's review of the Community Donations policy, and the Grants, Donations, Bursaries and Scholarships Policy. ⁵¹

As an alternative to the dissolution of the ICC, the ICC advised that it had proposed an approach, via a letter to the Minister, which involved the State government allowing the elected councillors to continue to govern the City of Ipswich. Councillors would cease undertaking their decision-making roles for a period between three and six months, but would continue to carry out their normal day-to-day local constituency duties as councillors. It was proposed that the Minister appoint a panel of advisors to oversee the strategic and policy direction of the ICC, with the panel undertaking a review of ICC operations, and providing advice and support to ICC while reporting back to the Minister on any findings and recommendations for improvements. The ICC proposed that daily operations continue under the direction of the CEO and executive team. When the advisory panel was satisfied the ICC was operating in accordance with the LG Act and community expectations, councillors would resume their full responsibilities.⁵²

The department, in its response to the issues raised during the public hearing, advised 'Whilst this was put to the minister, the minister did not agree to the alternative proposal...'. 53

Presumption of innocence

The principle of the presumption of innocence for councillors impacted by the draft Bill was raised by a number of submitters. Some submitters raised concerns that none of those charged have been found guilty, but will have their term ended prior to the court determining the charges brought against them.⁵⁴ Submitters also raised concerns about ending the term of councillors who have had no allegations made, or charges laid, against them.⁵⁵ For example, the ICC argued 'The Bill will invite the Parliament to assume the guilt of those charged, as the basis for the removal of the ICC and the councillors...'.⁵⁶

Similarly, the Queensland Law Society raised a concern that 'The dissolution of ICC has the effect of breaching the principle of the presumption of innocence, by dismissing councillors who have been charged but not convicted, or who are not the subject of any charges or public allegations of wrongdoing, without even the benefit of an administrative Ministerial investigative process making adverse findings against these councillors'.⁵⁷

Several submitters referred to the proposed dissolution of ICC as unfair dismissal.⁵⁸ For example, the Acting Mayor, Mr Wayne Wendt, stated that 'This action is quite clearly an unfair dismissal based on the fact that there is no factual foundation connecting any sitting Councillor with any matter or charge'.⁵⁹ Some argued that the former councillors and staff charged have more rights than those not charged and now facing dissolution.⁶⁰

Cr David Pahlke referred in his submission to having been investigated by the CCC, provided with a letter of clearance, but still facing the prospect of having his term as a councillor ended through the draft Bill.⁶¹

⁵¹ Submission 28, pp 2-3.

Public hearing, 30 July 2018, document tabled by Cr Paul Tully; Public hearing transcript, Ipswich, 30 July 2018, p 5.

Public hearing transcript, Brisbane, 30 July 2018, p 27.

⁵⁴ Submission 12, 16, 17, 19, 23, 26, 30, 37.

⁵⁵ Submission 3, 10, 14, 17, 19, 23, 25, 26.

Submission 28, p 7.

Submission 23, p 1.

See for example submissions 9, 10.

⁵⁹ Submission 9, p 1.

See for example, submissions 8, 21, 28.

Submission 8, p 2.

Mr Gary Duffy, however, argued that 'The councillors are not employees; they are elected to represent the people...They are covered by a different act as elected officials. There is no unfair dismissal; they come under a different act'. 62

In contrast to the focus on the impact of the draft Bill on individual councillors, there is a proposition that the focus of the draft Bill is quite properly on the ICC as an entity which has a responsibility to ensure good governance.

Mr MacSporran argued that 'the bill does not alter the presumption of innocence...The bill appears to be a proper exercise of the Queensland parliament's power to make laws for the peace, welfare and good governance of the state'.⁶³

Mr MacSporran also referred to the case of *Duncan v New South Wales; NuCoal Resources Limited v New South Wales; Cascade Coal Pty Limited v New South Wales* [2015] HCA 13 (Duncan V New South Wales High Court case), stating:

It is a not dissimilar situation to where investigations had revealed potential corruption, ICAC had published a report saying that and recommending that there be legislative intervention, deliberately designed to circumvent any attempt to challenge what would otherwise be an exercise by the minister of his discretion to cancel or not renew the licence. In that sense, it is very similar to what is happening here. It is done, and the court went on to say about that process...

...

It says based on all considerations, and not limiting it to any finding made by ICAC in that case or the McGrathNicol reports which have been tabled in parliament or the report that we are going to tender or the systemic issues you have heard about this morning apparently in evidence from the councillors themselves. All of those factors are relevant to whether you need to and can—and, if so, how—restore public confidence in the local government for the community of Ipswich. In those extraordinary circumstances, this sort of legislation flagged in the bill is not at all outside the appropriate exercise of legislative power as endorsed by the High Court in Duncan's case.⁶⁴

The QLGRA also argued:

...we do not believe proof of corruption is a necessary prerequisite for dismissal—just the failure to adequately follow due process, make mayors and CEOs accountable for their actions, and provide proper management oversight. We think they are reasonable roles for councillors. The councillors in Ipswich City Council, even the ones who are not guilty of corruption—there is no suggestion of that—have probably failed in their obligations. If you look at the guiding principles at the beginning of the Local Government Act, there is no question that the things that have occurred in Ipswich are not consistent with those principles, and all of those councillors have overseen the situation that we have got to.⁶⁵

Similarly, Mr Duffy argued:

The bill does not relate to a single councillor; it relates to dismissing the whole council as an entity. The overarching view is that the council failed the principles of section 4 and section 8 of the Local Government Act in that it was not transparent, not accountable and did not practise good governance, and this is what the bill addresses.⁶⁶

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Public hearing transcript, Brisbane, 30 July 2018, p 9.

Public hearing transcript, Brisbane, 30 July 2018, p 19.

Public hearing transcript, Brisbane, 30 July 2018, p 19.

Public hearing transcript, Brisbane, 30 July 2018, p 6.

Public hearing transcript, Brisbane, 30 July, 2018, p 9.

Natural justice and procedural fairness

Submitters made reference to the draft Bill denying natural justice and procedural fairness to councillors affected by the draft Bill.⁶⁷

The Queensland Law Society raised concerns that the draft Bill 'circumvents the proper, established remedial processes under the *Local Government Act 2009* (LGA) and thereby abrogates the rights and liberties of individuals'.⁶⁸ The Queensland Law Society also advised that it considers that the current process under the LG Act 'affords the elected councillor or council their appropriate legal rights and ensures that any action taken is fair, reasonable and importantly, transparent'.⁶⁹

Similarly, the Lockyer Valley Regional Council referred in its submission to the *Legislative Standards Act 1992*, and the incorporated fundamental legislative principles, stating:

One of those fundamental legislative principles is for legislation to be consistent with the principles of natural justice. The legislation does not provide for procedural fairness for affected parties. Councillors who have their role terminated by this legislation will have no rights under this legislation. The Minister is not required to provide justification for this termination and Councillors will not be given a fair hearing or the opportunity to present their case. 70

In contrast, some submitters argued that the focus should be on the entity and its responsibility to govern rather than on individual councillors. For example, Mr MacSporran referred to the Duncan v New South Wales High Court case, stating:

As the ICAC case of Duncan in the High Court indicates, there are cases where extraordinary measures like these are entirely warranted. After all, it is not as though there is some arbitrary action taken to dismiss this council. This is a matter for parliament. The parliament, ultimately, is responsible for the good government of that community, overseeing that council, which is itself responsible for good government and transparency in that council. If there is a failure in public confidence, whether you accept the allegations against these people or not is not the point. There is a clear failure of public confidence. That is what is sought to be addressed here. If this measure is the only way that can be done swiftly and to protect the people of Ipswich, that is why I support it.⁷¹

Mr MacSporran also stated that adherence to the principle of natural justice:

...does not address the fundamental question of the public interest in the government of the Ipswich City Council and the community of Ipswich being governed by that council. That is a far more serious issue to be considered. 72

The issue of the time it would take for the remedial processes to take place, along with any associated challenge through the courts, was also raised. The Queensland Law Society asserted that:

There is no guarantee that the legal process is going to drag out until 2020. For example, tomorrow the hearing on the initial show-cause matter is scheduled to be heard in the Supreme Court. It has been less than a month since that process was initiated. I am not quite sure why we would assume that, if the minister made a decision to dissolve the council tomorrow under the Local Government Act provisions, the appeals process would run through to 2020 therefore the entire purpose of that would be stymied.⁷³

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See for example submissions 23, 28, 32, 34.

Submission 23, p 1.

Submission 23, p 3.

Submission 18, p 2.

Public hearing transcript, Brisbane, 30 July 2018, p 21.

Public hearing transcript, Brisbane, 30 July 2018, p 21.

Public hearing transcript, Brisbane, 30 July 2018, p 15.

However, this was countered by arguments suggesting that allowing the remedial process under the LG Act to occur would take time, further impacting on the Ipswich community's confidence in the ICC. For example, Mr MacSporran argued:

The longer it goes on and unless it is brought to a head very quickly, it would fester for a considerable further period. We all know how long these things take to go through the courts. The current criminal charges will not be finalised, I would think, before the end of next year at the earliest. This will drag on and on through the criminal courts. That is unhealthy. It undermines confidence in this system, so you need to do something which is rather extraordinary. I accept that this is extraordinary, but it is necessary, in my considered view, for the reasons that I have articulated in the submission and I have expanded upon in the oral submissions today. ⁷⁴

Similarly, the QLGRA submitted:

In the interests of the ratepayers—and I think the ratepayers' interest is paramount—and due to the gravity of the issues that have been raised, I think there should be immediate action. Local governance in Ipswich should be immediately addressed.⁷⁵

Submitters also raised concerns that the ICC councillors dismissed under the draft Bill's provision to dissolve the Council and end the term of the councillors, would have no right of appeal.⁷⁶ The draft Bill does not provide any avenue for review or appeal of the decision to dissolve the Council and appoint an interim administrator.

Furthermore, an Act of Parliament cannot be reviewed or appealed by the courts. At the public hearing the Queensland Law Society stated:

The exercise of executive power allows for review. The exercise of parliamentary power does not allow for review unless the parliament's legislation is unconstitutional or not founded within the powers of the Queensland Constitution—it is outside of the scope of the power of parliament. It is a different mechanism altogether.⁷⁷

However, Mr MacSporran argued:

In circumstances as extreme as these, as Duncan's case indicates, the process can be as serious as an enactment by parliament to achieve the result, without a right of review and on the recommendation of the anti-corruption agency that specifically recommended the legislation as a way of avoiding any further challenges of the minister's discretionary power. If Minister Hinchliffe was to exercise his power under section 123 to dissolve the council, they would have a right of review. Those rights would play out through the courts in the ordinary course. The ICAC situation was similar. If the minister exercised that power to cancel licences, they would be subject to review. The legislation was designed and recommended to be enacted to get around that process, because it was the only way to quickly and efficiently restore public confidence, in that case, in the whole method of issuing licences and, here, the whole basis for operating a local government council area.⁷⁸

In addition, submissions made reference to the timing of the introduction of the draft Bill and the impact on procedural fairness. For example, Cr Kylie Stoneman made reference to the decision to dissolve the ICC prior to the CCC's investigation being completed, ⁷⁹ while Cr Cheryl Bromage referred

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Public hearing transcript, Brisbane, 30 July 2018, p 22.

Public hearing transcript, Brisbane, 30 July 2018, p 8.

⁷⁶ See for example submissions 9, 18, 34.

Public hearing transcript, Brisbane, 30 July 2018, p 17.

Public hearing transcript, Brisbane, 30 July 2018, p 21.

Submission 25, p 3.

to the draft Bill potentially being enacted prior to the 'first hearings of charges laid by the CCC ... due to be finalised in the magistrates' court in mid-September'.⁸⁰

Reference was also made by some submitters to the draft Bill bringing to an end the legal proceedings commenced by the ICC in response to the second show cause notice. For example, the Queensland Council for Civil Liberties stated this action 'has the effect of depriving individuals of their accrued legal rights'.⁸¹

The ICC submission extended this argument to suggest the draft Bill was interfering with the functions of the judiciary, stating:

The Bill will invite the Parliament to assume the guilt of those charged, as the basis for the removal of the ICC and the councillors, in a manner that is plainly unconstitutional and invalid, because the Bill would constitute an express interference with the functions of the judiciary charged with hearing the charges.⁸²

However, in response to this claim, Mr MacSporran again referred to the Duncan v New South Wales High Court case and advised that the draft Bill:

...does not interfere with the independence or institutional integrity of the judiciary and does not impermissibly interfere with the judicial process. The bill appears to be a proper exercise of the Queensland parliament's power to make laws for the peace, welfare and good governance of the state.⁸³

Submitters, primarily councillors, made reference to the impact of the draft Bill on their reputations and career prospects, as well as the reputation of the ICC. ⁸⁴ The Lockyer Valley Regional Council also asserted that the dismissal of the entire ICC without due process 'will compound the damage being done to the local government system and will undermine the effectiveness of, and respect for, local governments in their communities'. ⁸⁵

Drawing a distinction between the impact of the draft Bill on the ICC as an entity, as opposed to individual councillors, Mr MacSporran stated:

I just add that the whole tenor of this is not designed to punish them at all. A far higher outcome is achieved here, which is to restore public confidence. Sometimes people, in the course of pursuing those ideals, are subject to some serious outcomes. That is not the purpose of this; it is quite incidental to it.

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It is an unfortunate collateral aspect to all of this that some people—I am not suggesting the majority, but some people—would see it as tainting these individuals. You cannot prevent that. That is probably a natural reaction to this sort of outcome. At the end of the day, it is not about that. It is not about even proving that the people who have been charged criminally are guilty of those offences.⁸⁶

Submission 10, p 2.

⁸¹ Submission 27, p 1.

Submission 28, p 7.

Public hearing transcript, Brisbane, 30 July 2018, p 19.

⁸⁴ Submission 3, 8, 9, 10, 15, 16, 20, 25, 31, 32, 34.

Submission 18, p 3.

Public hearing transcript, Brisbane, 30 July 2018, p 22.

Compensation for ending the term of a councillor

The draft Bill does not contemplate any compensation for former councillors.⁸⁷ A number of submissions expressed concern about this.⁸⁸ For example, the Local Government Association of Australia (LGAQ) recommended an amendment to the draft Bill 'to restore some sense of fairness for those councillors not facing any charges', which stipulates the making of a separation payment for the ICC councillors, consistent with the severance arrangements for members of the Queensland Parliament.⁸⁹ The LGAQ noted that those who are facing charges are currently suspended at full pay.⁹⁰

Cr Tully also argued that councillors should be fairly compensated, and suggested that all affected Councillors be statutorily provided with either two weeks pay for each continuous completed year of service to local government or be paid out in full until the normal conclusion of their current term of office in March 2020.⁹¹

Mr MacSporran referred to the Duncan vs New South Wales High Court case and the cancellation of exploration licences initially granted by the New South Wales government, advising that although compensation was sought, no compensation was awarded, and that 'Effectively, it was a blanket endorsement [of the cancellation of the licences]'. 92

In response to the issue regarding compensating the ICC councillors, the department advised there is no requirement for compensation to be provided to the ICC councillors. ⁹³

Democratically elected representation

Some submitters, including the Queensland Law Society, raised concerns that the draft Bill's clause dissolving the ICC and ending the councillors' terms ostensibly removed the democratic right of the Ipswich residents to elect their local government representatives, and deprived residents of elected representation to advocate for their interests.⁹⁴

Similarly, Cr Sheila Ireland stated that the Queensland government's decision to end the term of a councillor, rather than the constituents of Ipswich making the decision, takes away the right of the people of Ipswich to political representation.⁹⁵

With reference to local representation, Cr David Morrison argued that the community would lose approximately 170 years of councillor experience, and any community representation at the local government level. ⁹⁶ At the public hearing, Acting Mayor Wayne Wendt stated 'My fear, and the fear that I think you will hear from other councillors and members of the community that I talk to, is that people will have no ability to speak to or seek support from anyone or have someone to advocate on their behalf'. ⁹⁷

The department advised at the public hearing:

The issue of community engagement will be specifically considered as part of the transition period should the bill be passed. It will be something that, no doubt, the administrator will consider in consultation with the council CEO.

Explanatory notes, p 3.

See for example submissions 10, 21, 26, 34.

Submission 26, p 1; Public hearing transcript, Brisbane, 30 July 2018, p 2.

Submission 26, p 1.

⁹¹ Submission 21, p 2.

Public hearing transcript, Brisbane, 30 July 2018, p 21.

Public hearing transcript, Brisbane, 30 July 2018, p 27.

⁹⁴ See for example submissions 12, 15, 16, 17, 18, 19, 21, 23, 30, 31, 34, 35.

⁹⁵ Submission 31, p 1.

⁹⁶ Submission 20.

Public hearing transcript, Ipswich, 30 July 2018, p 5.

The department acknowledges that it is really important for residents to continue to have a voice. To that end, our intention would be that the ward offices would remain open and would remain staffed. How members of the public can speak to the administrator or get views through to the administrator will then be a matter for the administrator once appointed. They would, no doubt, work that through with council and any other council staff who have a specialty around community engagement. I wish to reiterate that it is something that the department is cognisant of.

...

Whilst, ultimately, the format of a meeting will be a matter for the administrator and, no doubt, the administrator will work closely with the council CEO to that end, the department foresees that meetings will still go ahead as formal meetings under the local government legislation. We would foresee that, as occurs now, council staff members would provide presentations on particular matters, be it planning or otherwise. Members of the public would still attend the meeting either to present to the administrator or to watch proceedings. We would expect a situation where the administrator would fully explain their reasons for a decision, thus ensuring transparency, and that those reasons would still be minuted as council minutes. 98

Precedent set by the draft Bill

Concerns were raised about the precedent that would be set by introducing such legislation to dismiss a council. For example, the QLGRA raised the potential criticism of political motivation, and recommended that in the future a range of stakeholders be consulted and their responses published to avoid charges of political interference and manipulation, and for each potential dissolution of a council to be required to be considered and passed via a bill through the Parliament.⁹⁹

However, the QLGRA also supported the precedent set by the draft Bill, stating 'we believe this legislation would send a strong message to all councils in Queensland, and to councillors specifically, that better oversight of their councils is vital if they are to avoid similar action'. 100

In contrast, the ICC submission stated 'This Bill creates an astounding precedent that local governments can be removed and elected Councillors where there is no evidence, let alone any evidence, of any nexus of any wrong doing whatsoever'.¹⁰¹

The Queensland Council for Civil Liberties argued that legislation which 'has had the effect of terminating Court actions which involve the rights of individuals' and 'legislation that has shielded government decisions from Judicial Review' must be opposed, in case a bill of this nature be 'used as a precedent in the future'.¹⁰²

Governance of local government

Some submitters raised concerns that the draft Bill does not improve the governance of local government in Queensland as a whole, and referred to the need to work with existing legislation.¹⁰³

The Lockyer Valley Regional Council raised a concern that the draft Bill targets a specific council and, referring to the amendments made to the LG Act, stated:

It is considered that a legislative framework, especially one that has so recently been reviewed and amended, should be robust enough to deal with breaches without resorting to Council

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Public hearing transcript, Brisbane, 30 July 2018, p 28.

⁹⁹ Submission 29, p 3.

¹⁰⁰ Public hearing, Brisbane, 30 July 2018, p 6.

Submission 28, p 6.

Submission 27, p 2.

See for example submissions 2, 13.

specific legislation. If the existing legislation for local governments is ineffective, the framework for all local governments should be addressed. 104

Similarly, the Queensland Law Society stated:

The Minister has significant powers under section 123 of the LGA which enables the Minister to dissolve the local government if the Minister reasonably believes it is in the public interest that every councillor be suspended or dismissed. If the Minister "reasonably believes" that the public interest requires ICC be dissolved, then there is no need for this specific instance legislation. If the Minister does not have sufficient evidence to reasonably form the view that, under section 123 of the LGA, it is in the public interest to dissolve ICC, then we submit that this specific instance legislation is particularly egregious. ¹⁰⁵

At the public hearing, the Queensland Law Society suggested 'If there is a problem with this process, it needs to be reviewed but still allow all Queenslanders access to those fundamental rights'. ¹⁰⁶

In contrast, Mr MacSporran stated 'I do not decry the powers, some recently enacted, under those sections of the Act. However, I do accept, as I think everyone does, that this is a rather extraordinary situation that we find ourselves in'. 107

3.2 Appointment of an interim administrator

The draft Bill proposes that the Governor in Council must appoint an interim administrator to act in place of the ICC councillors. The LG Act provisions would apply to the interim administrator as if appointed under the LG Act as the head of the ICC. ¹⁰⁸ This means that the interim administrator has all the responsibilities and powers of the ICC and mayor. ¹⁰⁹ However, the Governor in Council may limit the responsibilities and powers of the interim administrator via the instrument of appointment. ¹¹⁰

If the interim administrator is a corporation, then references to the interim administrator in certain legislative provisions would include a reference to an individual authorised by the corporation to act on its behalf.¹¹¹

The interim period would start when the interim administrator is appointed and end at the conclusion of the quadrennial election of councillors for the Ipswich local government area to be held in 2020. 112

The draft Bill also proposes that the costs and expenses of the interim administrator includes the costs and expenses of an advisory committee created, or a committee appointed for the interim administrator, under the LG Act. 113

If there is a vacancy in the office of the interim administrator, or the interim administrator is absent or cannot perform the duties of the position, the draft Bill proposes that the Minister may appoint a person to act as interim administrator until a new interim administrator is appointed by the Governor in Council, and has the power to limit the responsibilities and powers of the acting interim administrator.¹¹⁴

¹⁰⁴ Submission 18, p 2.

¹⁰⁵ Submission 23, pp 1-2.

Public hearing transcript, Brisbane, 30 July 2018, p 13.

¹⁰⁷ Public hearing transcript, Brisbane, 30 July 2018, p 21.

Draft Bill, cl 5.

Public briefing transcript, Brisbane, 20 July 2018, p 2.

¹¹⁰ Draft Bill, cl 5.

Explanatory notes, p 2.

¹¹² Draft Bill, cl 5.

¹¹³ Draft Bill, cl 5.

Draft Bill, cl 5.

3.2.1 Stakeholder views

Some support was expressed for the appointment of an administrator up until the quadrennial 2020 local government elections. For example, the QLGRA stated '...you have to make a break, and temporary administration is the only way to make a break.' 116

Mr Duffy suggested that the draft Bill should provide for a potential extension of time that the interim administrator is in place, to provide the interim administrator with sufficient time to 'clean up' the ICC. 117

However, there were also concerns raised by submitters regarding the appointment of an administrator for the length of time proposed in the draft Bill, with some making reference to the provision in the LG Act which states that it is Parliament's intention that a fresh election of the councillors of the local government should be held as soon as practicable after the Legislative Assembly ratifies the dissolution of the local government. ¹¹⁸

For example, the Queensland Law Society asserted that the 'approach of requiring a fresh election as soon as practicable seems much more consistent with the expectations of an electorate who are entitled to be represented by democratically elected representatives, rather than an interim administrator'. ¹¹⁹

Similarly, the Queensland Council for Civil Liberties suggested that the appointment of an administrator for the proposed period is 'inappropriate' and stated that 'the citizens of Ipswich should not have to be governed by an unelected person(s) for any longer than is necessary to call fresh elections'.¹²⁰

On the matter of the length of the proposed interim administrator's appointment, the department advised, in relation to the longest period that an interim administrator has been appointed to replace a council in Queensland:

Based on information available to the Department, the longest period for which an administrator has been appointed is approximately thirty-nine (39) years for the Torres Shire Council.

The administrator was appointed to the Torres Shire Council from 1952 until 1991, which then reverted to an elected Council at the March 1991 Local Government election. It is understood the purpose of the long-term appointment to the Torres Shire Council was to provide the requisite level of expertise and capacity for Local Government of the region. Other Councils including Burke, Cook and Aurukun Shire Councils had similar long-term administrator appointments to improve their capacity.

By way of comparison with the proposed dissolution of the Ipswich City Council, administrators were appointed to the following Councils for failures to perform their responsibilities satisfactorily:

- the former Johnstone Shire Council from 8 February 2007 to 15 March 2008, being a total duration of thirteen (13) months
- the Gold Coast City Council from 4 March 1978 to 31 March 1979, being an approximate duration of thirteen (13) months.

Public hearing transcript, Brisbane, 30 July 2018, p 8.

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¹¹⁵ Submission 39.

Public hearing transcript, Brisbane, 30 July 2018, p 10.

See for example submissions 19, 23, 27, 32.

¹¹⁹ Submission 23, pp 4-5.

Submission 27, p 2.

In the cases of the former Johnstone Shire and Gold Coast City Councils, the administrators were each appointed until the following scheduled Local Government elections. ¹²¹

As referred to earlier, councillors raised concerns that an administrator would not be able to adequately represent the community of Ipswich. For example, Cr David Morrison stated:

There is no way that he or she could know the city like the 11 elected members, who have been elected by their community to represent their community. I know the Springfield area back to front, but I would not know Rosewood, I would not [know] Karalee and I would not know Brassall or Collingwood Park. You rely on the elected members who know those communities very well to bring that knowledge to the table. 122

Cr Silver argued 'Bringing in an administrator is not necessarily going to be the best thing because they are not going to be thinking about what happens in 2026; they are going to be thinking about their job, their role, and not necessarily the strategic direction of this city'. 123

In relation to short-term or temporary absences of the interim administrator, the department advised that under the *Acts Interpretation Act 1954* the person authorised to make an appointment to an office may appoint a person to act in the office. Under the draft Bill clause 5(1), the person authorised to appoint the interim administrator is the Governor in Council.¹²⁴

The department also advised:

Further, as the interim administrator has all the powers and responsibilities of the Local Government under the draft Bill clause 5(4) and the Local Government Act 2009 (LGA) section 124(2), the interim administrator may under the LGA section 257 delegate a power of the Local Government. This would allow delegated functions of the Local Government to continue during a short-term absence of the interim administrator. 125

3.2.2 Committee comment

The draft Bill provides that if the interim administrator is absent or cannot perform their duties, the Minister may appoint a person to act as interim administrator until the Governor in Council appoints a new administrator.

While the committee noted the department's advice regarding short-term or temporary absences of the interim administrator, the draft Bill's current wording indicates that a Minister may appoint a person to act as interim administrator until the Governor in Council appoints a new administrator, but for a temporary vacancy, the Governor in Council must make the appointment for an acting interim administrator.

Furthermore, under the LG Act not all powers can be delegated by a local government, and therefore it stands that not all powers can be delegated by the interim administrator. Powers that require a resolution of the local government at a local government meeting include making a local law, deciding on rates and charges to be levied for that financial year, and approval of an inspection program.

Given the concerns raised by submitters regarding loss of elected representation across the City of Ipswich, the committee is of the view that it would be beneficial for the draft Bill to address the

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¹²¹ Department of Local Government, Racing and Multicultural Affairs, correspondence dated 24 July 2018, pp 1-2.

Public hearing transcript, Ipswich, 30 July 2018, p 13.

Public hearing transcript, Ipswich, 30 July 2018, p 9.

¹²⁴ Department of Local Government, Racing and Multicultural Affairs, correspondence dated 24 July 2018, pp 1-2.

Department of Local Government, Racing and Multicultural Affairs, correspondence dated 24 July 2018, pp 1-2.

Section 257(2) of the LG Act states 'However, a local government must not delegate a power that an Act states must be exercised by resolution'. Powers that require a resolution include making a local law (s 29(2)), deciding on rates and charges to be levied for that financial year (s 94(2)), and approval of an inspection program (s 134(1)).

¹²⁷ LG Act, s 29(2), s 94(2), s 134(1).

circumstance of a temporary or short-term absence of the interim administrator to provide the community with certainty regarding the ongoing management of the City of Ipswich and the community's needs.

The committee notes that the provisions regarding the Independent Assessor, as outlined in the Local Government (Councillor Complaints) and Other Legislation Amendment Bill 2018, whose appointment is also made by the Governor in Council, allows the Minister to appoint a person to act as the assessor during a period the assessor is absent or cannot perform the duties of the office, for any reason, for a period of not more than six months in a 12 month period.

The committee recommends that the draft Bill be amended to allow for the Minister to appoint a person to act as interim administrator within a similar timeframe in the situation that the interim administrator is absent or cannot perform the duties of the office, but the position is not vacant and a new interim administrator is not required.

Recommendation 2

The committee recommends that the draft Bill be amended to allow for the Minister to appoint an acting interim administrator in circumstances of short-term absences of the interim administrator.

3.3 Decisions on interim administrator not reviewable

The draft Bill proposes that unless the Supreme Court decides that a decision of the Governor in Council or Minister in appointing an interim administrator or acting interim administrator is affected by jurisdictional error, the decision:

- is final and conclusive
- cannot be challenged, appealed against, reviewed, quashed, set aside or called into question in another way, and
- is not subject to any declaratory, injunctive or other order of the Supreme Court, another court, a tribunal or another entity on any ground. 128

3.3.1 Stakeholder views

Submitters who commented on this clause did not support the exclusion of a right of review of a decision of the Governor in Council or Minister in appointing an interim administrator or acting interim administrator. ¹²⁹

For example, the Lockyer Valley Regional Council noted that this approach 'differs from the general capacity under the LG Act for the review of decisions', and raised concerns that this approach seems inconsistent with the local government principles and with the intent of the *Legislative Standards Act* 1992. 130

Similarly, the Queensland Law Society raised concerns that the clause is contrary to fundamental legislative principles and the recommendations of the Fitzgerald Inquiry, stating:

QLS strongly objects to the abrogation of these rights and to the exclusion of these long-established processes under the JRA [Judicial Review Act 1991] and pursuant to the inherent jurisdiction of the Supreme Court.

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¹²⁸ Draft Bill, cl 6.

See for example submissions 18, 21, 23, 27.

Submission 18, p 2.

We also consider that clause 6 is broader than provisions in other acts which have sought to limit review under the JRA. Clause 6 excludes any form of recourse or accountability for these decisions. We do not consider this is warranted, especially as such decisions will be made at a time when the integrity of democratic processes are being questioned. 131

At the public hearing, the Queensland Law Society further stated 'In the operative sections of this bill, any appeal, any action that an aggrieved person can take, is removed. In that sense, this bill abrogates all rights, not just those in the Judicial Review Act'. See also section 4.1.1 for a discussion of fundamental legislative principles and the draft Bill.

3.4 Disqualification of ICC councillor

The draft Bill proposes that an ICC councillor cannot be a councillor from the time the councillor's term ends under the Bill until the conclusion of the quadrennial election of councillors for the Ipswich local government area to be held in 2020.¹³³

The draft Bill also proposes that an ICC councillor may be nominated as a candidate or for appointment as a councillor at the quadrennial election of councillors for a local government area held in 2020, but may not be nominated as a candidate or for appointment as a councillor at any other local government election until after the period mentioned above ends. 134

3.4.1 Stakeholder views

Stakeholders were again divided on whether an ICC councillor should be allowed to be nominated as a candidate or for appointment as a councillor in the intervening period between the dismissal of the ICC and the quadrennial 2020 local government elections. There were also opposing views on whether ICC councillors should be allowed to nominate for the 2020 elections.

Support for the proposal was expressed by some stakeholders.¹³⁵ In addition, there were recommendations that the ICC councillors not be allowed to contest local government elections for a longer period. For example, the QLGRA suggested that councillors should not be allowed to contest a local government election until 2024 to prevent the recurrence of the same behaviour.¹³⁶ Mr Duffy recommended that the draft Bill 'exclude current and former Councillors and Executives of the council from ever standing for election or employment in the Council for at least 6 years'.¹³⁷

However, other submitters were opposed to its intent, ¹³⁸ with the LGAQ recommending the removal of the clause. ¹³⁹

Some submitters questioned the need for the provision, raising concerns that the government may change the boundaries of the City of Ipswich prior to 2020, potentially leading to an election being held during the intervening period when ICC councillors are excluded from contesting an election in the area in which they live. ¹⁴⁰

In response to this concern, the department advised:

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Submission 23, p 4.

Public hearing transcript, Brisbane, 30 July 2018, p 14.

Draft Bill, cl 7.

¹³⁴ Draft Bill, cl 7.

See for example submissions 1, 29, 39.

Submission 29, p 3; Public hearing transcript, Brisbane, 30 July 2018, p 6.

Submission 1, p 6.

See for example submissions 10, 14, 26.

¹³⁹ Submission 26, p 1.

¹⁴⁰ Submissions 10, 14.

Under the Local Government Act, it is the Local Government Change Commission that makes recommendations regarding the boundaries of a local government area. As of today, the department is not aware of any matter that is currently before the change commission around Ipswich City Council boundaries. However, should a division within the Ipswich City Council local government area be out of quota, the change commission may recommend a change ahead of the 2020 local government elections. ¹⁴¹

There was some confusion among submitters as to when ICC councillors could nominate as a candidate in an election for a local government area other than that for the City of Ipswich, with some believing they could not nominate until the local government elections of 2024. In relation to the disqualification of councillors until the 2020 local government elections, the department advised:

In terms of the issues around a councillor running in a future election, it is the government's policy intention that the current Ipswich city councillors can run as a candidate in the 2020 local government election in any local government area, not just in Ipswich City Council. We are satisfied that the drafting of section 7(2) of the bill achieves this policy intent.¹⁴³

3.4.2 Committee comment

The committee noted the confusion as to whether ICC councillors covered by the draft Bill could be nominated as a candidate or for appointment as a councillor for another council at the 2020 quadrennial elections, or had to wait until the 2024 local government elections if they wished to contest a local government election other than for the City of Ipswich.

The committee notes the department's advice that it is satisfied the clause achieves its intent. However, given the confusion of those directly affected by the intent of the clause, the committee is of the view that it would be beneficial for the department to make it clear in the draft Bill that ICC councillors can nominate for any local government election, including the City of Ipswich, in 2020.

Recommendation 3

The committee recommends that the draft Bill be amended to clarify that an Ipswich City Council councillor can be nominated as a candidate or for appointment as a councillor for any local government election in 2020.

3.5 Timeframe for the draft Bill

If the draft Bill is introduced and passed by the Legislative Assembly, it will commence on a day to be fixed by proclamation, and will expire on 30 June 2020. 144 This timing would ensure that the dissolution of the ICC and the end of each ICC councillor's term align with the appointment of the interim administrator by the Governor in Council. 145

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Public hearing transcript, Brisbane 30 July 2018, p 27.

See for example submissions 14, 21.

¹⁴³ Public hearing transcript, Brisbane, 30 July 2018, p 27.

¹⁴⁴ Draft Bill, cl, 2, cl 8.

 $^{^{145}}$ $\,$ Public briefing transcript, Brisbane, 20 July 2018, p 2.

4 Compliance with the Legislative Standards Act 1992

4.1 Fundamental legislative principles

Section 4 of the *Legislative Standards Act 1992* (LSA) states that 'fundamental legislative principles' are the 'principles relating to legislation that underlie a parliamentary democracy based on the rule of law'. The principles include that legislation has sufficient regard to:

- the rights and liberties of individuals, and
- · the institution of Parliament.

It is the committee's role to consider whether a Bill has sufficient regard to the fundamental legislative principles articulated in the *Legislative Standards Act 1992* and to advise the Legislative Assembly accordingly. Where the committee identifies a possible breach of those principles, it will consider and advise on whether the breach may be justified in the context of the objectives of a Bill.

The committee has examined the application of the fundamental legislative principles to the draft Bill. The committee brings the following to the attention of the Legislative Assembly.

4.1.1 Rights and liberties of individuals

Section 4(2)(a) of the *Legislative Standards Act 1992* requires that legislation has sufficient regard to the rights and liberties of individuals.

Consistency with the principles of natural justice

Clause 4 provides for the dissolution of the ICC, and the termination of the term of each councillor; both effective upon the commencement of the Act.

Whether legislation has sufficient regard to rights and liberties of individuals depends on whether, for example, the legislation is consistent with principles of natural justice. In providing for the dismissal of the ICC and councillors without any process, clause 4 breaches this aspect of the fundamental legislative principles. ¹⁴⁶

Legislation should be consistent with the principles of natural justice which are developed by the common law and incorporate the following three principles:

- nothing should be done to a person that will deprive them of some right, interest, or legitimate
 expectation of a benefit without the person being given an adequate opportunity to present
 their case to the decision-maker
- the decision-maker must be unbiased
- procedural fairness should be afforded to the person, meaning fair procedures that are appropriate and adapted to the circumstances of the particular case.¹⁴⁷

The draft explanatory notes acknowledge the potential breach in relation to individual rights and liberties and provide the following justification:

Although it cannot be denied that legislation which proposes the dissolution of ICC, will, if passed, have an immediate and significant effect on the councillors, the councillors of ICC are not entitled under law, to be afforded procedural fairness by the Parliament before legislation is passed. 148

While the draft explanatory notes do not directly address the potential breach of individual rights and liberties, they refer to the need to address longstanding and growing governance and corruption concerns via a decisive approach to ensure future stability and certainty for the Ipswich community.

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¹⁴⁶ LSA, s 4(3)(b).

Office of the Queensland Parliamentary Counsel, Fundamental Legislative Principles: The OQPC Notebook, p 25.

Draft explanatory notes, p 3.

The explanatory notes state that it is anticipated that the draft Bill will provide the community with that confidence.

Administrative power

Clause 6 provides that any decision to appoint an interim administrator in place of the ICC and councillors is final and conclusive and not subject to judicial or other review.

Whether the draft Bill has sufficient regard to the rights and liberties of individuals also depends on whether the legislation makes rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review.¹⁴⁹

The Office of the Queensland Parliamentary Counsel states:

Depending on the seriousness of a decision and its consequences, it is generally inappropriate to provide for administrative decision-making in legislation without providing for a review process. If individual rights and liberties are in jeopardy, a merits-based review is the most appropriate type of review. ¹⁵⁰

Where ordinary rights of review are removed, thereby preventing individuals from having access to the courts or a comparable tribunal, the OQPC Notebook makes clear that a committee can assess whether sufficient regard has been afforded to individual rights, noting that such a removal of rights may be justified by the overriding significance of the objectives of the legislation.¹⁵¹

The draft explanatory notes acknowledge the limiting of administrative review and state:

It is open to the Parliament to limit review of an administrative decision if the circumstances justify the limitation.

It is considered that the situation at ICC, given the longstanding and growing governance and corruption concerns, merits a decisive approach to ensure future stability for the community. The Bill reflects this need for community certainty in Ipswich, providing the community with confidence that the ICC is operating in a manner which reflects sound decision-making and strong governance and integrity. It is anticipated that the decisive nature of the Bill will support business confidence in Ipswich and will restore community confidence generally. 152

Right of an adult citizen to participate fully in the democratic process

Clause 7 provides that any ICC councillor is disqualified from being a councillor in the period from the commencement of the Act until the end of the 2020 election for the ICC. In addition, those councillors cannot nominate for election as a councillor at any other local government election until after the conclusion of that period (other than at the quadrennial election of councillors for a local government area held in 2020).

Section 4(1) of the LSA provides that the fundamental legislative principles are the principles relating to legislation that underlie a parliamentary democracy based on the rule of law. Such a democracy involves the right of an adult citizen to participate fully in the democratic process. This includes the ability to stand as a candidate in an election.

This clause impacts on the rights and liberties of the individual councillors. The dissolution of the ICC, and the disqualification of the councillors, will:

...impact on all councillors irrespective of whether allegations or charges have been made against all of them. The Bill does not contemplate any compensation for former councillors. ¹⁵³

¹⁴⁹ LSA, s 4(3)(a).

Office of the Queensland Parliamentary Counsel, Fundamental Legislative Principles: The OQPC Notebook, p 18.

¹⁵¹ Office of the Queensland Parliamentary Counsel, *Fundamental Legislative Principles: The OQPC Notebook*, p 19.

Draft explanatory notes, p 3.

Draft explanatory notes, p 3.

The reasonableness and fairness of treatment of individuals is relevant in deciding whether legislation has sufficient regard to rights and liberties of individuals. Legislation should not abrogate rights, in the broadest sense of the word, from any source without sufficient justification. 154

The draft explanatory notes acknowledge the impact of the dissolution of the Council on all individual councillors, and state:

The concerns of the Parliament, however, should go beyond the interests of individual councillors as the Parliament seeks a comprehensive solution in response to serious governance, ethical and cultural concerns. It is considered that the ongoing and growing concerns regarding the performance of the ICC merit a legislative solution to address these serious concerns and to provide certainty to the Ipswich City community. 155

4.1.2 Committee comment

While the committee acknowledges the draft Bill's potential breach of fundamental legislative principles in relation to the rights and liberties of individuals, the committee also notes that the current LG Act contains provisions that may have similar breaches.

For example, under the LG Act, the Minister is not required to give notice of the proposal to exercise the power of removing a councillor, or suspending or dissolving a local government, if the Minister considers that giving notice is likely to defeat the purpose of the exercise of the power or would serve no useful purpose. 156 Such an approach is arguably inconsistent with the principles of natural justice.

Also, if the Minister reasonably believes that a local government has seriously or continuously breached the local government principles, is incapable of performing its responsibilities, or it is otherwise in the public interest that every councillor be suspended or dismissed, then the Minister may recommend that the Governor in Council suspend every councillor for a period or dissolve the local government.

Furthermore, the committee considers that scrutiny through the committee inquiry process provides some process for feedback even where a right to a merit or judicial review does not apply. The committee notes that each of the Ipswich City Council councillors were invited to make a submission on the draft Bill and were given the opportunity to appear before the committee to speak to the draft Bill, as part of the committee's inquiry. The committee's report will be available to inform the Members of Parliament if the draft Bill is introduced and debated.

The committee also considers it must take a holistic view of the objectives of the draft Bill, balancing the public interest against the rights of individuals. As the OQPC Notebook states 'There may be circumstances where the public interest justifies or even requires that a specific FLP example be modified or displaced'. 157

The evidence given by the chairperson of the Crime and Corruption Commission, Mr MacSporran, told of significant governance failures and cultural issues at the ICC, and referred to the Ipswich community's subsequent lack of confidence in their local government. As part of his evidence, Mr MacSporran indicated that the CCC would soon be releasing a public report outlining the issues the CCC had uncovered through their investigation to date.

That report, Culture and corruption risks in local government: Lessons from an investigation into Ipswich City Council (Operation Windage) (the CCC's report), was tabled on 14 August 2018, and provides further insight into the statements made by Mr MacSporran in his evidence to the committee.

Office of the Queensland Parliamentary Counsel, Fundamental Legislative Principles: The OQPC Notebook, p 110.

¹⁵⁵ Draft explanatory notes, p 4.

¹⁵⁶ LG Act, s120(2)(c).

Office of the Queensland Parliamentary Counsel, Fundamental Legislative Principles: The OQPC Notebook, p 9.

The CCC's report refers to an unhealthy culture, a lack of oversight and accountability for expenditure and public resources, a lack of transparency, inappropriate relationships between ICC and the private sector, and an improper use of power and influence. In particular, graphic examples are given of the ways in which former mayors, councillors and senior staff used their positions to benefit themselves at the expense of the Ipswich community and the ICC as an institution. The CCC's report also highlights the systemic problems in terms of lack of governance and oversight, as well as disregard for the local government principles and ICC policies by elected representatives and staff, which enabled or allowed the behaviour to continue.

While the committee recognises that individual councillors may not have been involved in such behaviour, and there has been an effort to improve the governance and oversight within the ICC, the committee considers that the seriousness of the issues identified, along with the significant loss of confidence in the ICC as a public institution, means that this may not be enough to restore the community's confidence in the ICC.

The committee also draws attention to the legislative provision that all councillors are accountable to the community for the local government's performance. Therefore, arguably all councillors are responsible for the issues identified in the CCC's report, and the community's loss of trust in the ICC to act in the public interest.

For a properly functioning democracy, the public must be able to trust that their elected officials and institutions will act in the public interest, and in an accountable and transparent way.

Therefore, the committee considers that the draft Bill's breach of fundamental legislative principles in relation to the rights and liberties of individuals as described above is justified by the overriding significance of the objectives of the legislation, that is, to restore public confidence in the institution of local government and the Ipswich City Council in particular, and to provide certainty to the Ipswich community.

Appendix A – Submitters

Sub #	Submitter
001	Gary Duffy
002	Greg Diete
003	Eunice Shanahan
004	Kenneth Park
005	Peter Lynam
006	Crime and Corruption Commission
007	Kirsty O'Brien
800	Cr David Pahlke, Ipswich City Council
009	Acting Mayor Wayne Wendt, Ipswich City Council
010	Cr Cheryl Bromage, Ipswich City Council
011	Brad Bauer
012	Cathy Brown
013	Ian Rickuss
014	Cr Kerry Silver, Ipswich City Council
015	Matt Anstey
016	Cr Charlie Pisasale, Ipswich City Council
017	Wayne Kreis
018	Lockyer Valley Regional Council
019	Trevor Kucks
020	Cr David Morrison, Ipswich City Council
021	Cr Paul Tully, Ipswich City Council
022	Kevin Thomas
023	Queensland Law Society
024	Confidential
025	Cr Kylie Stoneman, Ipswich City Council
026	Local Government Association of Queensland
027	Queensland Council for Civil Liberties
028	Ipswich City Council
029	Queensland Local Government Reform Alliance Inc
030	Cheryl Dowell
031	Cr Sheila Ireland, Ipswich City Council
032	Sunshine Coast Regional Council
033	Jo Pasterczyk
034	Cr Greg Christensen (Scenic Rim)

035	Council of Mayors SEQ
036	Cr David Martin, Ipswich City Council
037	Neil Beauchamp
038	Confidential
039	Gary Abkin

Appendix B - Officials at public briefing

Department of Local Government, Racing and Multicultural Affairs

- Josie Hawthorne, Director, Legislation Services
- Jo Stephenson, Acting Executive Director, Local Government and Regional Services
- Tim Dunne, Manager

Appendix C - Witnesses at public hearing

IPSWICH

Ipswich City Council

- Cr Wayne Wendt, Acting Mayor
- Cr Cheryl Bromage
- Cr Kerry Silver
- Cr David Morrison
- Cr Paul Tully
- Cr Kylie Stoneman
- Cr Sheila Ireland
- Cr David Martin

BRISBANE

Local Government Association of Queensland

• Mr Greg Hallam AM, Chief Executive Officer

Queensland Local Government Reform Alliance Inc

- Ms Joanna Kesteven, Secretary
- Mr Joseph Monsour, Member
- Mr Chris Smith, Member

Private capacity

Mr Gary Duffy

Private capacity

Mr Matt Anstey

Queensland Law Society

- Mr Ken Taylor, President
- Mr Matt Dunn, General Manager, Policy, Public Affairs and Governance
- Ms Kate Brodnik, Senior Policy Solicitor

Crime and Corruption Commission

- Mr Alan MacSporran QC, Chairperson
- Mr Mark Docwra, Deputy Director, Legal

Department of Local Government, Racing and Multicultural Affairs

- Ms Bronwyn Blagoev, Executive Director, Strategy and Governance
- Ms Josie Hawthorne, Director, Legislation Services