

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Fraud and Corruption Control in Local Government: A Follow Up of Two Auditor-General Reports

Melbourne – Monday 31 March 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESS

Dean Hurlston, President, Council Watch.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee and ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting, and we pay our respects to them and their elders past, present and emerging, as well as elders from other communities who may be here with us today.

On behalf of the Parliament the committee is conducting this Inquiry into Fraud and Corruption Control in Local Government: A Follow-up of Two Auditor-General Reports.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, any comments you repeat outside of this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome you, Dean Hurlston, President and CEO of Council Watch. I invite you to make an opening statement or presentation of no more than 5 minutes, and this will be followed by questions from the committee. Over to you.

Dean HURLSTON: Thank you, Chair, and thank you all. It is a pleasure to have this opportunity.

Local government is a \$15 billion industry in Victoria alone. It is the powerhouse of local activity. The role of local government is to ensure peace, order and good governance of the municipal community it strives to serve, yet there are 79 fiefdoms fighting for their own. Much of local government is done on the fly, and much is based on what we have always done. For me, having been in this industry for 10 years as an observer, the whole sector is left wanting by many of the changes in the *Local Government Act 2020*. Yes, there were some great changes, but there were hundreds of benchmarks and minimum standards, that have been adopted across the sector, that were turned into self-governing principles.

I hear the claims that the sector is heavily regulated. We would say it is not regulated enough. It is left to 79 interpretations of legislation and many lawyers and consultants who make a good living off that. The regulation in local government is probably a standard that we cannot accept. There are so many issues in local government. The \$15 billion has been subject to numerous IBAC corruption reports and investigations and decades of findings of both the Local Government Inspectorate and the integrity agencies, and yet most of those implementations have not occurred. What we have seen instead is a decentralising of power back to local councils, creating a governance mess. I will highlight to this committee that in 2020 the Local Government Inspectorate was meant to be the saviour of the industry, yet only last October the government had to pass legislation to fix the fact that the LGI had no ability to table reports to Parliament for four years and could not investigate, prosecute and fine rogue councillors. That is a serious issue in the context of \$15 billion.

Councillor training is abysmal. There are four agencies charged with training councillors, four peak bodies, raking in \$100 million-plus a year off the local government sector, yet they have the worst levels of understanding of governance and conflicts of interest. You have better standards. You get it better. We are tired of sitting through council meetings and arguing with councillors around whether or not they had a conflict in the matter.

The problems in this state are that we have decision-makers in local government who are underpaid for the work that they should be doing and they cannot determine conflicts of interest, and we have CEOs who will not provide them the legal backing and the necessary tools to be able to determine whether they are conflicted and whether they should remove themselves from the chamber.

What we keep seeing is CEOs given too much power and councillors placed on a desert island. The councillor is empowered to make decisions yet has had taken away the tools that they need in order to make the responsible decisions for their community, and when it hits the fan they are the first person thrown under the

bus. What we are concerned about is that the administration arm of councils is always immune. When was the last time we saw CEOs or executives, who are human beings that make mistakes, brought forward to give evidence in any investigation? Rarely at all. It is always the councillor group that cops it, yet they are the ones who do not have access to the resources they need.

We talked earlier today about how around 80 per cent of councillors are being bullied. It might shock you to know that in 2019 the largest ever survey, the resilience survey by a wonderful person called Lisa Mahfoud, revealed that the bullying is not just from councillors, it is from executives who do not want councillors asking questions. If there is anything I can implore this committee: the only thing that councillors are charged with doing is asking every question and all questions necessary to make the right decision. You only need to tune into a handful of council meetings to see that the culture of the officers and the governing or factional leading councillor group is to shut down any questions they do not like. In fact I can tell you, as someone who talks to 100-plus councillors on a monthly basis, that the mental health of councillors is deeply affected because they are so excited to be elected and make great decisions for their community, only to feel gagged, blindfolded and handcuffed to the chair when they ask a question someone does not like. This is not about them asking inappropriate questions. This is about the fundamental core of governance: to ask every question – to ensure that, if we are actually signing off on a procurement item that is worth \$20 million or \$50 million or \$100 million, we treat that as if we have asked every question the community wanted to know.

What we are concerned about is that it took us to take the very big legal risk to reflect on the LGI's report that was not released to the Hepburn shire. Why did we have to release it? Because no-one else had the integrity to actually say, 'This was not acceptable conduct of the administration, and the councillors should have done better.' Where are the councillors being prosecuted when they have serious conflicts of interest from either their election, the campaign, the money that is coming into their campaign, their connections throughout their decision-making or their failure to declare conflicts of interest because their own interests are being advanced? Why is that information simply not at a statewide level accessible? Why can the public not see it as if it is ordinary? All roads for us lead back to the accountability of the organisation. Yes, councillors come and go. Councillors come from a diverse range of skill sets, which sometimes might be anything from a housewife to someone with a PhD and 50 years in corporate business. The organisation has to be responsible to ensure that the councillor is equipped to make the decisions.

Lastly, I would just like to say that the audit and risk committees are absolutely failing in the role of what an audit and risk committee is there to do. They are not interested in the deep dives. I come from a banking background. You have heard it from your presenters today. We must go deeper at every level.

Finally, the last point I will make is that the use of monitors is something we welcome more readily and all the time. Monitors are not a last resort, they are a first intervention. But I will say politically appointed monitors will never, ever hold the integrity this sector deserves.

The CHAIR: Thank you very much. We are going to go straight to Mr Welch.

Richard WELCH: Thank you, Mr Hurlston. I have got confirmation bias because I agree with everything you are saying, so that makes asking questions hard. I will look at the grants. You spent a lot of time talking about grants in particular. There are just a couple of micro questions really in there. The KYC protocols – is there a size where it is too small for KYC? And does that hamper the ability of a council to act responsively to local needs?

Dean HURLSTON: We certainly understand, for example, in COVID when there was the need to get \$500 and \$1000 into people's hands, that you cannot run the same process and requirements that maybe a \$50,000 or a \$200,000 grant has. We would certainly say anything from sort of that \$5000 to \$20,000 could be subject to a lesser process. When you are talking about significant in-kind benefits – \$100,000 use of a town hall; it is a public asset – these things are things that must be in the sunlight. For us it is really about all of that being totally transparent.

Richard WELCH: I particularly like recommendation 4.4, where you say 'CEOs and CFOs to certify grant allocations.' Is that enough, do you think? That is putting the onus on the admin. Does it remove any accountability from the councillors themselves?

Dean HURLSTON: I think for us it is always about the organisation recommending and signing off on what they believe is the right intent, because they have done the work and they have gone through the processes. However, the councillor group must ask any and all questions to ensure that the public can have confidence that those decisions are correct, reasonable and fair. If I can give you one very small example, Mr Welch: in the City of Stonnington there was a media article, and it is on slide 2, where a councillor – and I will not use their name – who worked for a particular charity used their own work login to apply for a grant and the council executive turned a blind eye to it, processed the grant and gave the grant. In my mind, unintentionally that is corrupt conduct. This is not the exception to the rule; these are things that have been happening for a considerable time.

Richard WELCH: And does the reverse happen also, though – by giving the CEO and CFO sign-off responsibility, does that also give them an ability to be intransigent and to weaponise procedure against people? They may not agree with it, and therefore –

Dean HURLSTON: Yes. There is an issue that one of the greatest tools that a council CEO or officer can use is ‘That is operational.’ That is a weapon that stops councillors questioning – it should not.

Richard WELCH: So in that 4.4, how do you balance those two?

Dean HURLSTON: I think you balance it, but the process obviously has to be an operational matter for the council, for the administration. But then when those grants come before a councillor group, the councillor group must interrogate to the nth degree who, what, how and when – and how are we going to ensure that the delivery and the outcome is also measured.

Richard WELCH: You also talk about a state grants oversight unit as a recommendation. Could you just describe how that would work.

Dean HURLSTON: Essentially the state government already has a grant oversight body that actually decides. One of the difficulties you have with 79 councils is they are not tapped into that framework except on the receiving end if they are getting a grant. When they are giving grants to the community, there is no statewide portal or system tracking. If I am working for the City of Whittlesea and I get a grant application in, I have no visibility – how many times they have applied in other LGAs? What is this organisation doing? Were there any other issues in other LGAs? There is no visibility, and to quote our previous Ombudsman Deborah Glass, sunlight is the greatest disinfectant. If we can get this information at a state level, it also gives state Parliament the ability to actually understand what is happening in LGAs. Right now everything is down a burrow out of sight. It is very siloed and isolated, and things can happen that no-one else would know about.

Richard WELCH: So there are no roll-up figures where we can aggregate grants and say it is skewing to this category of thing and it is skewing to that? We have never even really understood it.

Dean HURLSTON: Correct. Because we have lost our local media on local government – we have no local newspapers anymore; you used to see that stuff there – we now do not know what is going where. And we have different levels of disclosure at councils. Some councils will not disclose anything other than the name, the amount – that is it. Other councils will provide all of the information. We need a standardised ‘everything is on display’.

Richard WELCH: It is almost like basic accounting; there is no categorisation of the transaction as a line entry.

Dean HURLSTON: Correct. We want to celebrate where money is going, but we want to make sure that it is getting across all levels of the community, not just sporting clubs or not just some other entity.

Richard WELCH: That is a massive hole in reporting. Thank you, Chair.

The CHAIR: Thank you, Mr Welch. We will go straight to Mr Hilakari.

Mathew HILAKARI: I will continue on the same theme around statewide grants oversight. Just step us through the processes as you would see them as you would prefer.

Dean HURLSTON: We obviously do not want statewide meddling in the grants. We need to make that really clear: we do not want MPs being able to meddle in the LGAs that they sit within. We do not need you to have oversight of that; you can see the outcome. What we want is for councillors to actually be able to make a local decision as normal, but we want the administration –

Mathew HILAKARI: So they set out the amount that is going out to funding –

Dean HURLSTON: Correct. We want the administration using a public system that all councils are using so that there is one source of truth and there is one way that they can actually see who is applying for grants where.

Mathew HILAKARI: Would you propose, as state government does, that there would be a recommendation that, if we have had 35 applicants and the program has oversubscribed by 300 per cent, we say, 'Here are your eight preferred or recommended.' Whatever model is chosen they have got 80 to 100 per cent of the guidelines and the rest are less and less and less, and so this is why we have suggested these –

Dean HURLSTON: We would say probably the same model for tendering. I am sorry to bring that in, but it is probably the same model that we are looking at for tendering. At the moment we very rarely can see behind the scoring – what is the scoring, how did it score, why did it score. We do not need to see the commercial information, but we need to see that in grants and tendering so that the use of public money is really transparent – it made sense. If the councillors depart from the officer recommendation, it is really clear on what information they base that on. At the moment they could run away from it, and we would have no idea why. It could be a stitch-up.

Mathew HILAKARI: That is exactly my next question. Councils have the ultimate say over how the grants go, and so we keep those democratic processes in place.

Dean HURLSTON: Of course. That is what they are elected for.

Mathew HILAKARI: I might take you to some of the questions that I asked the previous witness, so you have got a heads up on them already. There have been concerns raised around how CEOs are appointed, reappointed. We talk about the culture a lot of organisations led by CEOs and officer groups. What are your views on an independent chair? What are your views on the numbers of independents versus councillors on these selection panels?

Dean HURLSTON: We think ultimately the councillor group is the decision-making body. But many councillors do not have the skills of recruitment, we understand that. What we do not want is the state – any party – politicising that process. We do not want the state involved. I know that there has been some discussion around that and whether that could work.

What we do want are industry experts at arm's length with no ties to the sector actually helping councillors make those decisions. I will invoke parliamentary privilege here. A quick study on LinkedIn of some of those people who are currently advising councils shows that they are the very same people that are monitors and that are making money off the local government sector, so it is in their own interests to actually advise because there is a perpetuating sort of income stream for them, if that makes sense. And there is a familiarity around 'I also do this work in the sector'. What we want is absolute professionals that have got nothing to do with local government helping choose CEOs or reappoint them or set their KPIs, and we want those KPIs public. Why are we so scared to make CEOs' KPIs public? We do not want to be beating CEOs publicly, but we do want them held to a standard by their community too.

Mathew HILAKARI: I will move to the next one. Thank you for that, by the way. At a former commission of inquiry the monitors had mentioned a stricter regulated process around in-camera or confidential matters. The observation has been made a few times that increasingly in camera and confidentiality has been used since it has been taken out of the Act. Do you have a particular view?

Dean HURLSTON: Pre-2020 the CEO could declare any item confidential. We are thrilled that the *Local Government Act* contains very specific wording around what can be and what cannot be. We are still seeing an abuse of that in local government, where CEOs are still saying things are confidential that are not. There is still CEOs in Victoria saying that briefing meetings are a confidential meeting – they are not. They are not

confidential. There is this argument, which I heard you talk about before, around whether we should open up briefings. Absolutely we should. You are doing it right now. We are having an open conversation as part of your role of investigating and researching. There is always the ability for a councillor to have a confidential discussion aside. That is not an issue. It is the consensus of that group, as per the IBAC Operation Sandon report, that when that decision-making body is together the worst thing we could do is enable discussion, agreement and the testing by officers of information and pathways. What I know from personal experience is that many executives and CEOs use those forums not to have a one-way conversation to answer questions; they use it to workshop and change direction on things if officers are rebuked about it. That is an informal decision-making process; that is not okay. Officers should always keep away from the councillor group until they get to the recommendation stage. Answering questions is fine, but that process must be public. It will stop any untoward behaviour.

Mathew HILAKARI: Thank you. I will come back for more later.

The CHAIR: Thank you, Mr Hilakari. We will go straight to Ms Benham.

Jade BENHAM: Thank you, Chair. Thank you for your submission. It is very clear and it is thorough. There is a lot of common sense in here, and thank you for your passion as well.

I do want to go to recommendation 2.3.2, 'Escalation to National Security Risks', which I read with great interest. What is the basis for popping this in there? Do you know of any incidents where this has occurred?

Dean HURLSTON: We are aware that some community organisations that have received government grants are on that federal watchlist. I am happy to table that privately to the committee because I certainly want to give those organisations the ability to not be outed, but we do know that some of those organisations have not been picked up because there is no watchlist that a council is looking at when they are looking at government grants. They do not get to see that information, but that causes deep concern for us because we do not know what we could be financing inadvertently with public money.

Jade BENHAM: So then if there was a standardisation for allocation of grants, surely that would be on it, that there would be a watchlist that councils could check.

Dean HURLSTON: Yes, and that is what we would want. We would want much more of that top-down information coming down to say be on the lookout for these sorts of organisations. We already know that there is, you know, foreign interference. We have had the CFMEU saga recently. We have had Albanian mafia coming into the sector as well. It is not just the government grants, it is not the council grants, it is also the tendering. Some of those businesses are actually operated by people who have nefarious criminal links. It is not all just about the CFMEU, but there are many CFMEUs across the council sector.

Jade BENHAM: We have had lots of discussion and there has been evidence from other witnesses today about fraud and corruption, and procurement being the hottest spot.

Dean HURLSTON: Yes.

Jade BENHAM: You would agree with that obviously.

Dean HURLSTON: We would agree. For any of you who have followed our social media in the last few weeks, we have jumped up and down, for example, at the City of Greater Dandenong over the decision to award a builder who is under federal investigation and has criminal charges – and has the right to a fair process. We do not determine that; that is for a court to decide. But to award the largest ever contract in the city to that operator because we just do not want to wait, that for me is a \$100 million-plus risk that we should not be taking. In no way do I cast aspersions on that organisation. It is 'Is this the right moment to make that decision?'

Jade BENHAM: So if you have got councillors, elected representatives, that are on these committees allocating these grants that are not allowed to ask questions, what is the solution here?

Dean HURLSTON: The solution is that councillors must be able to ask any and all questions without fear or favour, end of story, and any CEO who gets in the way of that needs to be removed. Sorry, I am being really blunt.

Jade BENHAM: Yes, and I appreciate that.

Dean HURLSTON: It is public money.

Jade BENHAM: Yes.

Dean HURLSTON: I look at what your federal counterparts put up with in Senate estimates. I look at what you put up with. Councillors do not put up with that level of interrogation, and they are dealing with \$15 billion of money. It is not chump change. It is a lot, and it has the biggest impact in a local area when it is spent incorrectly. You politicise a \$100 million decision incorrectly, you rob a council for a decade of investment in infrastructure. Does that make sense?

Jade BENHAM: Absolutely it makes sense.

Dean HURLSTON: We want great facilities, we want them. We know that councils are struggling with the funding they have got, so make better decisions.

Jade BENHAM: If, as you said before, a CEO comes back and uses that term, 'It's operational, don't worry about it,' and councillors push – and as you said before, there is 80 per cent of councillors that have reported –

Dean HURLSTON: Being bullied, yes.

Jade BENHAM: bullying and harassment. Where do they go from there? If they feel that they are stuck between a rock and a hard place, 'it's operational'?

Dean HURLSTON: This will probably floor you. They actually come to us, after they have been through all of the peak bodies, broken, crying and damaged.

Jade BENHAM: Thank you. Thanks, Chair.

The CHAIR: Thanks. We will go to Mr Tak.

Meng Heang TAK: Thank you, Chair. Just to continue on the questions in terms of the committee having heard that there is an increased risk of fraud and corruption from inadequate cybersecurity, what can be done?

Dean HURLSTON: Councils have neglected investing, because it is not sexy, in cybersecurity and preventing those issues. We saw the City of Stonnington only a couple of years ago have a serious breach where they believed for many months a bad actor was inside their system. The concern we have there is: why did we cover that up for so long? These things when they happen – the public is okay that things go wrong – we have to get out there. It is people's personal data.

From a state level, instead of worrying about 79 councils fighting over their versions of systems, we need to really look at some sort of aggregation. There is power together. With the greatest respect to the MAV, they have wholly failed on this front. What they have done instead is have a procurement system that says, 'If you're on our supplier list, you don't need to actually go through the same rigorous tender.' That leads to fraud and corruption, because it is not necessarily the best provider, you are just on their list because you have ticked their boxes. Each council is different. We need systems invested in at a state level that all councils can hang off so that when a staff member does leave, and we know that that is a huge risk to the organisation – mobility of staff – they pick up and go to the next council and it is the same system. You are not learning 10 years of behaviour over again. That is a huge issue for us.

Meng Heang TAK: Thank you. Coming to your office's submission that local government grants programs should introduce mandatory conflict-of-interest declarations and also be required to make a background check for applicants, can you talk us through that a bit more.

Dean HURLSTON: Yes. I will give you the applicant check. If you go to a bank and apply for a loan or you open an account, there is a level called 'know your customer'. It is the most important thing you can do to ensure that identity fraud does not occur. One of the things that we did recently was a spot check on a number of grants across the sector, and we found that entities that were listed that had been getting tens of thousands of dollars had been deregistered before the grant was approved. How does that happen? Who is not doing the

checks? That is just a simple consumer affairs check in minutes. These sorts of things need to be the standard – that you know who you are dealing with, it is not a faceless entity, it is not just who you are told represents that organisation.

The second part of your question around identity is making sure that when anyone gets a grant it is public, it is transparent, and at the end of the day we can see what the grant was used for and there is an acquittal process that measures that it was done for that. From a councillor point of view again, through COVID there was a grant given to a fabulous drag performer who was the best friend of the mayor of the council that actually gave the grant. I do know about you, and this is not casting aspersions on the performer, but that could never pass the public pub test – go to another council. Does that make sense? Yet we have councillors sitting there having discussions around people they know. That is just not acceptable. We have another example where a councillor was sitting on a charity; the charity did not even apply for the grant and was given \$30,000 by the administration and then told to apply. How does that happen with public money? It happens because the controls are not there.

Meng Heang TAK: What agency or government body should be responsible for enforcing that measure?

Dean HURLSTON: To me I think it all sits around the Local Government Inspectorate, and the reason I say that is that the ultimate decision sits with the councillor who The Local Government Inspectorate oversees. To give the Local Government Inspectorate a plug, they are so under-resourced it is not funny. But bear in mind, having spoken to them so many times, they cannot investigate anything and have not been able to until October last year, or they can look at it and then they issue a letter, ‘Don’t do it again.’ If that is a serious issue – we know that developers are a hot topic across the industry – what if you did pass a planning decision and sat on that decision as a friend of a developer and the Local Government Inspectorate says, ‘There’s no criminal conduct according to IBAC because the bar is so high?’ ‘Well, we’ll just say, “Don’t do it again.”’ What we have done in the last four years is entrench a culture in the councillor group of ‘I am untouchable.’ You do not have that culture; why should they?

Meng Heang TAK: Thank you, Chair.

The CHAIR: Thank you, Mr Tak. I am going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon. I will start off by saying that the VAGO reports we are following up today did not have within scope risks of fraud and corruption in local government elections. Should that have been included in scope, and why?

Dean HURLSTON: Yes, it definitely should have been. One of the things we know is that in local governments misinformation, obviously, is huge. But more than that, there are many long-term councillors who know full well that they cannot deliver things, and they still promise them when they know that it takes a governing body to make the decision. They might say things like, ‘I’ll cut your rates by 10 per cent,’ knowing full well they are one voice. There is a real problem around how people are getting elected. There is a behavioural challenge around many long-term councillors – not all, but the longer you stay in this system, the more you know how to game it. That is why for us we believe eight years and you should go, end of story.

Aiv PUGLIELLI: That is within that context of local government elections, but in terms of overall risk of potential fraud and corruption within the sector, what portion do you think that would take up?

Dean HURLSTON: As in how high is the risk in the sector, is that what you mean?

Aiv PUGLIELLI: Yes.

Dean HURLSTON: It is extremely high.

Aiv PUGLIELLI: And it is just because it is out of scope, so I am just trying to get a sense of if it should have been included.

Dean HURLSTON: For me, it is extremely high across the entire sector. I think out of all three levels of government, whilst we are not talking about the billions that federal deal with clearly, the risk of corruption at a local level is incredibly high, because despite them claiming that the sector is overgoverned and over-regulated, it is actually not – the evidence is the complete opposite. There are a lot of people, but there are not metrics and

standards that are publicly measured and put on display. Certainly from a fraud and corruption level, when was the last time we actually saw council officers – who make mistakes, as public servants will – in the media for things that they had done? We do not, because employment agreements hide it.

Aiv PUGLIELLI: Just a further question. In your opening remarks you indicated that councillors should be paid more.

Dean HURLSTON: Yes.

Aiv PUGLIELLI: How much more, and why?

Dean HURLSTON: Well, we would probably say there needs to be some science around that. I could say \$200,000 and every councillor in Victoria would love me, but that would not be what the community wants. What we have to do is balance community expectations. One, communities do not know the work that many good councillors do, and there are many councillors unfortunately who do not do a lot of work – do not do the reading, do not do the work and turn up. What we would like to see is a higher standard placed on the councillors of minimum expectations and a review done on what those salaries would look like. For us, the biggest mistake that the independent remuneration tribunal made was to increase many mayors, particularly metros, to \$130,000, \$140,000 a year and deputies, who we have not had before in a lot of councils, to around \$70,000 a year with no public measure. What are they doing? We recently asked, got a lot of diaries and found that most deputy mayors are not doing a lot more than a councillor, and most mayors are actually still working full time or part time and taking \$140,000 a year – not great for the community.

Aiv PUGLIELLI: Thank you.

Dean HURLSTON: So, more.

Aiv PUGLIELLI: More, got that one. You have also spoken about the loss of local papers in the community and the impact that is having on reporting and getting information out about what is going on to local residents. Would your view be to bring them back? How should that happen? Should that be something funded by state government?

Dean HURLSTON: I am under parliamentary privilege. We would love to bring them back, and we would love to have a lot of people who want to bring them back. The problem for us is that, let us be honest, for 95 per cent of the Victorian population local government is not sexy until it goes wrong, right? We pay our rates, we deal with council if we have to, the bureaucracies are so much harder to deal with than we would like, and when it hits the fan is when it matters to us, but it is too late. We need local media to be telling these stories at a local level so that the community can get involved earlier; we need it desperately.

Aiv PUGLIELLI: In terms of how that comes to be, if it is government-funded from a level of government, is that something you would be supportive of?

Dean HURLSTON: Absolutely.

Aiv PUGLIELLI: Okay.

Dean HURLSTON: At the moment, what we know, social media is filling that space and a lot of times – we are accused of it; everyone is accused of it – it is not always factual, and it is very hard to get information out of councillors who have been conditioned to not answer questions. You do.

The CHAIR: Neither are the local papers. We have got local ones – neither are those.

Dean HURLSTON: Yes. Often because there is, you know, money involved in advertising and use of the paper so you do not want to get the administration offside, and we know of many examples where the administration has leaned on the local media to not run stories on councillors. That is not okay; that is interfering.

Aiv PUGLIELLI: Thank you. Thanks, Chair.

The CHAIR: Thanks, Mr Puglielli. Mr Hilakari.

Mathew HILAKARI: Thank you. Whistleblower protections are only covered by IBAC –

Dean HURLSTON: Yes.

Mathew HILAKARI: presently for councils. Do you believe there are adequate protections in place –

Dean HURLSTON: No.

Mathew HILAKARI: and how would you propose that they be strengthened?

Dean HURLSTON: One of the things we know certainly around money, so when we are talking tendering and grants from council money is that staff – and I will give an example, if any of you have seen Warrnambool. Staff at Warrnambool a few years ago whistleblew around inappropriate use of credit cards of executives. That is something that should automatically be able to happen in any organisation. The organisation spent so much time forensically going through who had actually downloaded the information and who had printed the information so that they could then terminate the staff who whistleblew. That is the culture of local government, whether we want to hear that or not. I get calls daily from staff who have been subjected to extraordinary witch-hunt processes for simply trying to raise an issue – things like a council breaching EPA guidelines and a staff member being threatened that they cannot say anything about it or they will lose their job. We are talking about hundreds of thousands of litres of water that is contaminated going into the bay. These are things that should automatically have protections around them. There is nothing in the local government sector that does not essentially come back to the CEO in order for them to discipline. That is not okay. There have to be much better whistleblower protections.

Mathew HILAKARI: During this fraud and corruption look at VAGO's reports, one of the things that I think we have talked a little bit about is the size of councils and whether they are fit for purpose. Do you have a view on that?

Dean HURLSTON: Yes, we do, absolutely. It is a dirty word, and amalgamations never work out the way you want – we only need to look at New South Wales to know that. The reason those amalgamations did not work, if we talk about the amalgamation model, is because there were not clear measurements. It was, 'Let's amalgamate them, and they'll figure it out.' No, you do not amalgamate unless you actually drive outcomes. The problem that we actually have that works against amalgamation – and we would like to see our regional councils particularly merge and be of a considerable size – is you only need to look at sectors like banking to realise under a certain size of assets you are not sustainable. We see that now with Hepburn. The Hepburn shire is now unsustainable if it does not get a 10 per cent rates rise this year, and probably more ongoing. It is too small. We need to see those smaller councils cluster together and brought together, and the communities need to be involved in that decision.

Mathew HILAKARI: Are shared services – I know we have talked about shared financial services – an alternative to that?

Dean HURLSTON: Absolutely they are.

Mathew HILAKARI: Or shared services across –

Dean HURLSTON: I think they could probably take a lot of pressure off those smaller councils. What we do not see – and dare I make them feel bad – is Local Government Victoria and the minister's department leading on this. It is being left to the MAV, VLGA et cetera, who are profit-making business models. It is not in their interests to have shared services; it is in their interests to make money on consultants and everything else. What we need is leadership from the Victorian government to actually bring together those shared services and provide a backbone for those smaller councils.

Mathew HILAKARI: Would Council Watch consider that council structures that exist as they are are the right structures for local government, or is there a different structure and model that you would consider more appropriate?

Dean HURLSTON: We would say that the physical structure of council is fine. The legislative definitions are incorrect. There are two fronts there. The roles of the CEO and councillors are absolutely in conflict and do not align with community expectations, not even 1 per cent.

Mathew HILAKARI: Can you expand a little on that?

Dean HURLSTON: The CEO has been made a demigod within our councils. We do not want councils interfering in operations, right? We understand that. They do not need to interfere in collecting the bins. But if they are the governing board and the governing body, why do they all feel like they are handcuffed and blindfolded at every opportunity? One of the greatest disappointments of every elected councillor that I have ever spoken to is: 'I had such good hope and ambition. I got in and found that I could do 5 per cent of what I expected. I didn't expect to get my way, but I expected to be able to have robust conversation, and that was not okay. That was seen as unprofessional towards the officers because they know better.'

The second part to the question around what else would need to change is that the public needs to be consulted a heck of a lot more. The entire system around public consultation is a tick-a-box fait accompli. I have never seen the public change a decision of council once it was time to engage the community. That is where the angst that we talked about before is coming from. The horse has bolted. Councils are doing things like deliberative engagement through panels. Those panels are not representative; they are flawed. You need every voice in the community to be heard, and it is painstaking and it is difficult. You guys know that in government. But if you do not, you actually break the goodwill and trust, and I think that is what is undermining the entire local government sector – trust.

The CHAIR: I am just going to jump in. Do you see any councils that do that well? Is there a kind of golden standard that you could tell us, like which council we could look to that does some of these things that you have said that councils broadly do very badly – we know there are 70-odd councils across the state. That is a lot.

Dean HURLSTON: Yes, it is.

The CHAIR: Who is the golden standard? Who is doing some stuff well?

Dean HURLSTON: I would probably say that in our experience one of the better councils has been Nillumbik in the past, and it really comes down to the CEO. It comes down to what kind of culture the CEO is running. For those of you who do not know, Carl Cowie, the CEO out there, came from Mornington Peninsula and went to Nillumbik. And the first thing he did was sit down and say, 'We're going to turn everything on its head. It's actually about the people.' I am not saying that CEOs do not think that; they do not live it. They talk it, they do not live it. The community is a problem for the administration rather than the solution. Does that make sense?

For example, if you look at the City of Yarra, a fantastic Greens-led council – first time ever – but somehow the administration did not quite hear the community. They got elected. The community really wanted them; that is great. When the administration did not deliver what the community wanted, the Greens paid the price and lost people. Do you see what happens? The administration does not fall in line with what the governing body actually wants – or the community itself, which is the ultimate judge. So what we see is councillors come and go, but the will of the people is what ultimately will prevail. And you now have a Socialist of all people – good on him – who has been able to bring a community group of independents together and actually transform the way they are approaching the community. Instead of allowing the organisation to tell the councillor group what they going to say, they are telling the organisation what they want the community to know: everything – no secrets.

The other thing that I will throw into that is one of the greatest things that we have seen is the City of Frankston introduced what is called the transparency hub. Nothing is any more a secret. Contracts – not staff, obviously – procurement, tenders, all of that information, every bit of data that they have actually got is on their website. You can go to their portal and the community can actually self-search and find information rather than being told only what the organisation wants them to know. I think that is the greatest problem in local government: the CEOs and the corporates who are controlling the messaging are only telling the community what they think they need to know. But councillors should be saying, 'Everything is on the table, because we're responsible.'

Mathew HILAKARI: Probably my last one, which is my usual one, and it is going to be harder for you than anyone else today –

Dean HURLSTON: I know what is coming –

Mathew HILAKARI: One thing.

Dean HURLSTON: One thing.

Mathew HILAKARI: It is going to be so hard for you.

Dean HURLSTON: If there was one thing I could change about local government, it is that I could get a hundred more things. No, the one thing would be: sunlight is the greatest disinfectant – transparency above all, because it will lead to change. Everything public, everything out there, no secrets – the community will invest and buy in. At the moment anyone in the community trying to figure out what the hell is going on in their council, unless they have a degree in reading council minutes and knowing those websites inside out, will give up. It is too hard.

Jade BENHAM: With regard to the transparency hub, just really quickly, last year the Integrity and Oversight Committee did an inquiry into the freedom of information –

Dean HURLSTON: God, yes.

Jade BENHAM: Yes. It recommended, essentially, that it go to a push model, which sounds like what Frankston has done –

Dean HURLSTON: Correct.

Jade BENHAM: which would hopefully mitigate all that information that councils hold and push it out. Is that essentially what you are asking for right across local government?

Dean HURLSTON: 100 per cent. It is no secret – and maybe you know in this room – that we are probably the ultimate ones who have broken the local council FOI system, but it is out of frustration. We cannot get the information, and it is basic information. We are not asking for private information – basic information. We simply want it to be a push model so that it is basically you can have it unless you cannot – a much better system. It would literally fix the resourcing issue too.

Jade BENHAM: One more question really quickly: just looking at your social pages, have you ever been in any legal trouble for the stuff you put on there?

Dean HURLSTON: Yes.

Jade BENHAM: Okay. That is all. Thank you.

Dean HURLSTON: We do not shy away from that.

The CHAIR: We will end on that note. Mr Hurlston, thank you very much for appearing before the committee this afternoon. The committee or secretariat may have some follow-up questions after today's hearing. If this is the case, you will be contacted. The committee is going to follow up on any questions taken notice in writing, and responses are required within five working days of the committee's request.

I would like to thank everyone who has given evidence to the committee today as well as Hansard, the committee secretariat and parliamentary attendants. I would also like to thank the hospitality, security and cleaning staff who have looked after all of us today. I declare this hearing adjourned.

Committee adjourned.