

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

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

Melbourne – Monday 28 July 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

Cr Jack Kowarzik, Mayor (*via videoconference*), and

Peter Benazic, Interim Chief Executive Officer (*via videoconference*), Cardinia Shire Council;

Cr John Dumaresq, Mayor,

Carl Cowie, Chief Executive Officer,

Blaga Naumoski, Director, Governance, Communications and Community Safety, and

Melika Sukunda, Chief Financial Officer, Nillumbik Shire Council; and

Cr Blair Colwell, and

Craig Lloyd, Chief Executive Officer, Whittlesea City Council.

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

On behalf of the Parliament, the committee is conducting this inquiry into fraud and corruption controls in local government. 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.

In the room this afternoon I welcome Nillumbik Shire Council. We have got a couple of representatives. We have got the Mayor John Dumaresq – I am having a terrible time saying some of these names, so please forgive me; we have got the CEO Carl Cowie; the Chief Financial Officer Melika Sukunda; and we have got the Director of Governance, Communications and Community Safety Blaga Naumoski. I am just going to apologise in advance. Whittlesea City Council – we have got Cr Blair Colwell and the CEO Craig Lloyd. Appearing remotely, we also have Cardinia Shire Council – Mayor Jack Kowarzik and also the Interim CEO Peter Benazic. You are all very welcome here.

Witnesses have already provided written statements to the committee in lieu of opening statements this afternoon. Therefore we are just going to proceed directly to questions from the committee members, because I know we will have a lot. I am going to go straight to Mr Welch.

Richard WELCH: Thank you, Chair. I am a little bit limited for time personally, so I will limit myself to only one question. Most councils, many councils, have advisory groups of one flavour or another – youth advisory, other kinds of advice – and I am not singling out any one of those. I want to address the generic concern about the degree to which those advisory groups, who are unelected, influence funding decisions – not necessarily grant decisions but from general revenue that programs are run on the advice of the advisory committee – and the advisory committee also provides potentially the report on the return on investment. The advisory committee potentially runs the activity, or people who are on the advisory committee run the activity, and it becomes this circular economy in which they very rarely advise against their own interests. It is a kind of potential grey corruption in a sense. I would just like to ask each of the councils in turn whether you feel you are in any way susceptible to that and what measures you might have to prevent that. Again, I am not specifically talking about grants, because grants occur in a more open market environment. This is more: 'Well, we'll fund these programs. We'll give funding to this on the advice of the committees.'

John DUMARESQ: Yes, I am happy to speak to that, if you guys do not mind. At Nillumbik our advisory committees are probably at arm's length from any budget decisions. They advise back through councillors and through officers, then the report would be written. Any decisions on financials would go back through the council. So I do not see that – I am sure that they are there to champion their cause and will do so vigorously, but in terms of being able to have a direct influence on a budget, no. But definitely having, as you would

expect, an influence on policy surrounding it, to counter that, most of our major projects would go back through our public committee, so if the community feel that they are being presented as one side, the other side can be presented by other parts of the community through our PRC. So that is where I would see it. I am happy for anyone to add anything.

Carl COWIE: No, I think that sums it up. The council is in charge of the budget. It almost expects that advisory committees are there to push the things that they are particularly interested in. It is very arm's length in all the advisory committees that we have.

Blair COLWELL: Just to add to that point, it is indeed an advisory committee in nature, so it provides advice to council, but ultimately it is the council officer who is held to account for the use of or expenditure of any budget, and they are ultimately responsible for that use and reporting on that use of funding.

Richard WELCH: The instances in which the council chooses to create an advisory or consultative committee et cetera – does that not then create a predisposition to fund certain things versus ones where it does not, issues where it does not?

John DUMARESQ: A lot of our advisory committees would be very happy if we would fund them just because they existed. Definitely there is activity and they shine a light on it, but I do not think it makes a huge difference to what is funded. Some of our best functioning advisory committees are probably underfunded, but they still work as hard as they can to push their agenda. But saying that, it will be mirrored by groups within the community who act as pressure groups as well. And sometimes they come at things from different sides too. If you have an economic advisory group, some are pushing tourism and others are pushing more heavy business, and at times they are in conflict; they will be asking for one part of it to be funded and the other part not to be. I think it is a good process, but again we are very conscious of being at arm's length from funding decisions, and ultimately those responsibilities are with council.

Richard WELCH: And on the assessment of the effectiveness of council programs, do they participate in the assessment of effectiveness?

Carl COWIE: No, they do not. In fact – take, for example, our biodiversity strategy – they will probably be more critical that the council has not put enough money into it. The strategy is there but not the money – so no, they do not do that.

Richard WELCH: Thank you. Over to you, Mayor, online.

Jack KOWARZIK: Thank you. I think from our perspective we agree with what has been said in terms of them being at arm's length. I think it is important to note that a council officer from Cardinia shire's perspective will always sit with those advisory committees and will ultimately make the recommendation to councillors on budgetary items. The other thing I think is important to note is that the main point of those advisory committees is to provide advice, so mostly we are putting policies to them and are asking for their input. Certainly we are seeking from them, and one of the reasons why they are set up would be from an under-representation perspective, so we are hopefully going to get up a youth advisory committee, which I am pushing strongly for, but also a multicultural advisory group. Probably the group within Cardinia shire that has the most impact in terms of its advice being received from a budgetary perspective would be the access and inclusion group, which is a disability advocacy group who we have on council. Their key function is to make advice to council on issues of public access and where we can be improving that. They might push for works for public toilet access or a ramp or what have you, but it would be on a council asset so I do not see there being any risk there. I do not know if you want to add anything, CEO.

Peter BENAIZIC: Through you, Mayor, there is a good process in terms of project management. Council officers decide the priority of works and work with the groups to achieve that, and as has been mentioned previously in the discussion, they are generally underfunded. The officers make the recommendations and direct the funds, and in terms of the effectiveness of the project delivery, that is certainly assessed internally in terms of the nature of the delivery of the project and in terms of budget and effectiveness.

Richard WELCH: Thank you. Thank you, Chair.

The CHAIR: Thank you, Mr Welch. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Thanks very much to all for joining us. We do have three interface councils here, two of which in particular face extreme amounts of growth and facilitate extreme amounts of growth. I am sure you do as well, Nillumbik, but I am going to focus this first little bit on Whittlesea and Cardinia. In fact in your written statement, Mr Benazic, you talked about the potential risk from fast-paced land acquisitions and urgent infrastructure – things that the councils need to deliver that can expose councils to greater risks in this space. What sorts of strategies are in place? I will put it to you first, Cardinia. What sorts of strategies are in place to address this, and what needs to be done better, whether it is by council or whether it is by other parts of that planning regulation system, that would support improvements there?

Peter BENAZIC: Thank you for your question. There are a number of processes and strategies that Cardinia is deploying, and I think the comment around growth is very apt. I think we have got eight active precinct structure plans at the moment, so you could imagine the resource deployment to manage those spaces and the number of projects that are required to be delivered as part of the growth. The first thing is around being strategic in terms of understanding purchases, particularly of land parcels that are required to implement PSPs, and baking them into our long-term financial plans. Also, we have got a very, very good governance structure around the delivery of our capital works, so there is a forward-planning component of it. I think the comment more pertains to the commercial negotiations that are required to secure parcels of land and the sorts of legal processes that are involved in terms of some of the commercial-in-confidence aspects of the transactions. That can be perceived as things being done without full transparency, when in effect it is really just the legal processes. So longer term delivery elements are really, really important to our executive team, and driving longer term planning horizons, particularly for the delivery of projects, is our key strategy.

Michael GALEA: Thank you. And from Whittlesea's perspective, would you agree with that? Would you have any other perspective on that?

Craig LLOYD: A very, very similar position, except I think in our case the development is further progressed, and the land has been set aside for a lot longer period, so we are in a different phase of development. In terms of the contract side of things and council's roles, really now where we are at is securing sites for the development of community centres and those kinds of facilities. I think where we struggle the most in those growth areas is the ongoing issue that the interface councils have with the pace of community facilities keeping up with the building of the houses and the provision of roads, community centres, libraries and the like.

Michael GALEA: We know the growth area councils –

Craig LLOYD: You know that very well.

Michael GALEA: I do know very well they are taking more than their fair share of the state's population growth.

Jade BENHAM: Huh?

Michael GALEA: Well, it is true. In terms of, and this is probably a bit more applicable to all councils here – particularly those two, but also Nillumbik – the development and planning work that is undertaken has to be very extensive. Often that will be delegated to planning officers who would usually be dealing with similar applicants, similar developers, if not the same ones. What sort of processes or procedures do councils, and I will start with Nillumbik, have in place to prevent that sort of creeping overfamiliarity, that grey corruption that could potentially lead to outright corruption?

Carl COWIE: In the context of planning, we do not have that particular issue in terms of one dominant builder or developer, but where I do think there is a point is around more on the procurement side for us, because we would do maybe a hundred developments, and that could be just single units. So it is not an issue for us, and it is really well managed through our director of planning.

Michael GALEA: Thank you. And Whittlesea?

Craig LLOYD: So at any one time we will be working with very many developers, as you can imagine; there are some of the bigger, more dominant developers in our municipality as well. So we have things in place to make sure that the staff that are working with those developers are appropriately supervised; conflict-of-interest processes are in place to make sure that we declare any connections to those companies – all the basic

things that you would expect to see in place when we are working with any contractor or any vendor or any applicant.

Michael GALEA: Thank you. And Cardinia – Cr Kowarzik or Mr Benazic?

Peter BENAZIC: Similar to what has been conveyed so far, we have similar processes in place in terms of appropriate supervision across our staff members. We have a number of large developers; we have appropriate registers. There is enough governance in terms of the ability for the council to bring in any reports about any activities that they see that are required. Quite a robust discussion – there is regular communication around the applications that are in train that are provided on a regular basis and reported upon.

Michael GALEA: My time is just about up, so I will leave it there for now. Thank you.

The CHAIR: Thank you. We will go to Ms Benham.

Jade BENHAM: Thank you, Chair, and thank you all for coming. We have just heard from a lot of regional and rural councils, so I expect the information to be gathered from this panel to be quite substantially different – a different experience. With regard to integrity agencies – and I will continue to concentrate on this because I have a special interest in the crossover of committees – there have been some concerns that the integrity agencies that are dealing with fraud and corruption in the local government sector are under-resourced, and the time it takes to get instruction back, because a lot of the time you need instruction back from the agencies before you can move forward, raises a risk profile within local government that many can ill afford. Can you give some insights into whether that is the experience within your council, and apart from resourcing our integrity agencies adequately, what else may be able to help alleviate that?

Craig LLOYD: I am happy to start. Yes, we have lots of experience with dealing with the integrity agencies. I think the comment regarding resourcing is appropriate. I think that is probably the key issue. We have certainly experienced some pretty extensive delays from the time that we have made complaints or lodged matters with the integrity agencies. There have been occasions where matters have been lodged with IBAC, for example, that have taken six to eight weeks to be assessed and come back to us, and in that time we are in a holding pattern before we can really investigate and do what we need to do. Inevitably those investigations will nine times out of 10 come back to us to investigate ourselves anyway, so all it has done is added a fair period of time up-front. On a number of occasions for us we have had a community member who has brought this thing to our attention in the first place. They are starting to get very frustrated at the delays, but it is completely beyond our control. We cannot act until we have been given the word from IBAC to do that.

Jade BENHAM: If there is a council officer involved, how then does that affect them and their performance while those six to eight weeks are hanging over them?

Craig LLOYD: It depends. In the main, if it is something that is as serious enough as putting it straight to IBAC, that staff member will not know, because the process is that we are not allowed to tip off or we are not supposed to start investigations. I have just got to form a reasonable suspicion of something, and then it gets reported. I do not see that it has a material impact on the staff's welfare or anything like that; it is more just the delay that it builds in. There are caveats – if we think evidence will be destroyed or something like that, we can take some action. But when you are dealing with a disgruntled member of the public who is making allegations, has provided some basic level of information and then is waiting for quite a while, that is quite problematic.

Jade BENHAM: If there was an issue raised with a mayor or councillor, does the same apply? Are they then not informed that they could be a potential subject of an investigation?

Craig LLOYD: If it is an IBAC matter and it is reported to IBAC, the same applies, yes.

Jade BENHAM: What about if it is the Ombudsman or the Local Government Inspectorate in terms of councillors?

Craig LLOYD: The Ombudsman does not really have the coverage over councillors or staff. We obviously get a few of those. They tend to be appealing the decisions of council or applications – or the member of the public feels that their parking process appeal was not handled appropriately. In my opinion the Ombudsman has been very responsive, and certainly in recent times we have seen their processes really speed up and they have

been very collaborative and engaging. Just on the inspectorate side of things, it is more similar I suppose to IBAC in that our experience has been they have been very slow to respond. The relationships are very good. We do get the initial calls very quickly, and we get to have conversations with the inspectorate. But the time from lodging a complaint to the time when an investigation may commence is a very long time.

Jade BENHAM: Does the councillor know that there has been a complaint lodged with the inspectorate?

Craig LLOYD: In most cases no. It depends on who is lodging the complaint, whether they have told that person or whether they have made it public. In some cases they will, in some cases they will not.

Jade BENHAM: But it is not best practice for a CEO to inform the councillor?

Craig LLOYD: I think it varies from case to case. Obviously if you are reporting something and you are concerned that the evidence is going to be destroyed or it is something so significant, then I would suggest it is probably best practice not to flag that, but some of those matters will also go through IBAC. The other slight complication in this process as well is that obviously fraud matters and more serious matters go to IBAC. They are taking a while to assess them, and in almost every case – I think in my career only one has not – it has either been referred back to council or to the inspectorate. Of course the inspectorate do not have the coercive powers to investigate that IBAC does, so then it takes even longer.

Jade BENHAM: That is an interesting point you raise. Given that the inspectorate is the body responsible for councillor integrity, is it an issue that they do not have the powers to investigate?

Craig LLOYD: I do not think council has a position on it. My personal opinion is, yes, I think that is a weakness. You can only follow an investigation so far sometimes before you need those coercive powers to really get to the final information you need. It is in my opinion a little strange that the inspectorate does not have that ability.

Jade BENHAM: Great. Thank you. Nillumbik, do you have anything to add to that?

Blaga NAUMOSKI: Thank you for the question. I would like to echo what Whittlesea has said in that the structure of the agencies has improved over time. I do think that that 'no wrong door' attitude has really supported those open communications. I do believe that the Ombudsman has done a significant amount of work with councils to better understand the impacts decisions have on our community so our processes are able to be improved in that regard. But I also agree with Craig in the sense that some of the uncertainties around the powers of IBAC and the inspectorate and where you go for certain fraud and corruption concerns can be better communicated – effectively for the organisation to better understand how we can support those processes. We have not had a lot of complaints of that nature from our council, and the ones that we have seen a slight delay in terms of understanding what the process will be and what the report back will be, and effectively what our role is in terms of keeping confidentiality in some of those instances. So I do think there is some work to be done from an education perspective, to better understand.

Jade BENHAM: Great. The education has been flagged a couple of times. Thank you. Cardinia.

Jack KOWARZIK: Without having significant oversight into what the Local Government Inspectorate's internal processes are, I think we would be interested in seeing a prioritisation of referrals from local governments. We will get instances where allegations are made or we want something checked and we make a referral to the inspectorate, and I think from a level of government to a government department it should be prioritised, primarily because if the finding comes back as 'yes' then it needs to be fixed quickly and council needs to improve the processes that have been affected. But if it is 'no', then the allegation is not true and that needs to be nipped out because I think inevitably it leads to misinformation. If there was an ability for the inspectorate or for IBAC or for any integrity agency to prioritise when they are getting submissions and communications with councils, to be able to give them a timeframe to say, 'This is when we expect to be able to get on to this and this is how long it will take,' I think would vastly improve the system.

Jade BENHAM: Great. Thank you. Thanks, Chair.

The CHAIR: Thank you. We will go to Ms Kathage.

Lauren KATHAGE: Thank you very much, Chair. And thank you, witnesses, for appearing today. Staying on that focus that was raised by Mr Galea of being in growth areas, being that each of you need to deal quite a lot with the development of new housing, can I ask what aspect of that you see as the biggest risk to your fraud and corruption controls?

The CHAIR: Nillumbik.

John DUMARESQ: Again, we are a very low-growth council. Most of the property is held in private hands and so it tends to be small parcels; it might be one- or two-unit developments and that sort of thing. We have got a difficult topography; we are hard up against the urban growth boundary, so as a rule it is not a big issue for Nillumbik. I think our fellow councils will have more to say on this issue than we do.

The CHAIR: Whittlesea.

Craig LLOYD: In Whittlesea's case, it is obviously large growth council, a lot of growth. I think if you reflect back on what happened at Casey as a pretty blunt example of corruption with developers interfering in council decision-making processes directly to councillors and conflicts of interest and those kind of things, we manage that very tightly. We are in a fairly unusual situation as a council. We have changed our delegations so that councillors do not make decisions on most planning matters; most are delegated. I think we are one of very few councils that have adopted the full Sandon recommendations. There are strategic planning matters that go before our council. Some planning matters where council is the applicant, for example, still go to council for a separation of responsibilities from officers and council. But in the main, the rest of the developments and the management of the developers is managed by officers at arm's length of council. That seems to be working very well, I think.

Lauren KATHAGE: Just on that, Mr Lloyd, with the decision-making taken away from councillors but remaining with officers, how are you reassuring yourself on that officer level that it meets the same standards?

Craig LLOYD: We obviously have multiple tiers of approvals, so any individual planning officer only has limited delegations. They then need to, if they are going to go above those delegations, brief their supervisor, their manager. There are approval processes at multiple levels. We regularly scrutinise those. We do routine samples to make sure that we are not seeing patterns of approvals or denials. There are multiple levels of governance through that process. Officers have protocols in place around when they are meeting with developers, that they do not meet with developers on their own. We have a similar protocol in place with our councillors, that they do not meet with developers on their own without officers present and that there is a clear and justifiable reason for that meeting occurring as well. So there are a whole lot of local-level controls.

Lauren KATHAGE: Thank you. And Cardinia?

Jack KOWARZIK: Sorry, I will leave Peter to speak operationally, which is where I think most of the controls exist. But from a councillor's perspective, since I was first elected in 2020, and I think coming on the back of the report of Sandon, we have seen the implementation of a developer contact register similar to what was just mentioned. I think it is about the habits you get into and the trust that you have with your staff. For example, I do not meet with developers at all, and if I get cold-called, which occasionally happens, I will have to report that on the register. In that instance I would probably put through a call to the general manager in charge of governance and just say, 'Hey, just letting you know this has occurred. Can you run me through the correct processes to make sure I am aboveboard and I am reporting this conversation in the way that I should be?' So from a councillor's perspective our council has certainly improved that, and I think that has come on the back of the Sandon findings. What else have I missed?

Peter BENAIZIC: I think you have covered that. I guess the other thing is we have got very similar processes in place to Whittlesea in terms of creating sign-off processes so it is not left to one individual to create that decision-making process, and on a regular basis reports will come through our executive leadership team to assess and understand the decision-making quality.

Lauren KATHAGE: Thank you. I want to go, I guess, a little bit earlier in the process to where there is I would say significant risk for fraud and corruption, which is around land zoning. For example, in City of Whittlesea we lost our green wedge in that area around Donnybrook and agricultural land when the urban growth boundary was extended to the north of Melbourne – the only cardinal direction to lose its green wedge

in such a way to developers. But anyway, we cannot go back in time. For example, Nillumbik still maintains areas that are protected, Whittlesea also. So how are you working to ensure that landowners who would benefit from zoning changes are not working in cahoots with councillors or council officers to agitate for change or to look for opportunities to capitalise on changes to legislation et cetera?

Carl COWIE: I am happy to take that question. When such activity does take place – and it does from time to time – it is reported to the council through our planning meetings. In Nillumbik the urban growth boundary is very sacrosanct for our council, so we are not surprised from time to time that people want to try and get changes to that. But we set out a clear framework within the planning scheme and for who is responsible for that. Our council is strongly committed to the maintenance of the urban growth boundary. To be honest, there is very short shrift given to any suggestion, and if we do anything we would recommend they have a conversation with the state government, because it is not something that we support or could change even if we wanted.

John DUMARESQ: It has to go through two houses of state government to be changed. The people who have very cannily bought right on the edge of the urban growth boundary have been waiting for it to change for 50 years. It has not changed, but they are the only people who know how to find a bargain quite often. We rely very heavily on the state government supporting the green wedge and leaving the urban growth boundary where it is as a council. Again, I do not think it is really something we can control, but you do not put it past people to wonder: ‘What happens if? I could be sitting on a TattsLotto win here if it moved a kilometre that way.’ But as I said, we are definitely not looking for a change in that area as a council, and we are hoping that you guys are on the same page.

Craig LLOYD: I am not sure we have too much more to add. There is certainly nothing on the books of our council to change the urban growth boundary. You mentioned the growth through Donnybrook, for example. That came about as a result of the state government decision to change the urban growth boundary and push the boundary out. Now we are managing to that boundary, and there is certainly no intention from the city of Whittlesea to change that boundary; in fact our goal is to protect that boundary.

Lauren KATHAGE: Yes, that is right. I do understand that it was changed by the Liberal government back in the day, so I am aware that it is a state government decision, and I just want to make sure that we are protecting against potential collaboration to work against the protection of the green wedge, which is something that we have put into legislation as a government. Thank you all.

The CHAIR: Thank you, Ms Kathage. Ms Benham.

Jade BENHAM: Thank you, Chair. I just want to get some clarity on a few things that Ms Kathage raised. Talking about developers in cahoots with councillors, we are not talking about bribery. Bribery is a crime, and that does not happen; otherwise it becomes very, very obvious, very quickly. However, councillors are elected representatives, so listening to community members, developers, those contributing to alleviating the housing crisis that has been created over the last 10 years. Would you agree that chatting to community members who want to develop housing, and some of that in regional areas, again, being close to community, is something that would happen very, very frequently – I am not sure what it is like on the peripheries of Melbourne. But as an elected representative to discuss these things or be lobbied by certain groups, whether it is developers, environmental lobbyists et cetera, isn’t that part of the job?

John DUMARESQ: I would say yes.

Jade BENHAM: At all tiers of government, because people certainly rally us at the state government level and federal level.

Blair COLWELL: I can talk about my standard operating procedures in terms of that. From time to time we do get emails from community members who are developing a parcel of land or developers that just want to bring to our attention their intention to have a planning matter before council. My standard operating procedure is to email them saying, ‘Well, if you’re going through an assessment process with the council officers, these are experts in the area – urban designers. I look forward to the report coming before council, and I’ll consider it in due course.’

Jade BENHAM: So there is no interaction with –

Blair COLWELL: I try and limit the interaction, because I think it complicates the relationship and undermines the advice that is going to come from the council officers, so I look forward to seeing the report that comes through that has the full and frank advice.

Jade BENHAM: So then would there be questions asked of that report, and how would you then know what questions to ask if there was no interaction with community members?

Blair COLWELL: I think we are talking about two different things. One is about talking about interaction with community members, and the other one is talking about interaction with people that have planning applications/are developers – and they could both be the same person.

Jade BENHAM: Correct.

Blair COLWELL: If we have got community member stakeholders that have a stake in something – that is, they are not the applicant, they are the respondent – I would be more interested in having a conversation with those community members around, ‘Okay, well, this is your point of view.’ But again we have to be very, very careful around pre-assertia and being influenced by the decision and then having to exclude ourselves from the decision-making process because of Winky Pop. Look, that might be an over-interpretation of that particular precedent.

Jade BENHAM: Of the Winky Pop precedent?

Blair COLWELL: Correct. But that is my standard operating procedure in saying, ‘All right, this is the way I am going to engage with developers and stakeholders in that space.’

Craig LLOYD: I think it is no different, really, to the same model that the state operates. You are talking to people all of the time, but when you are in a live planning application process, it would be highly unusual for the planning minister to be meeting directly with the applicants or the objectors during the live process.

Jade BENHAM: Yes.

Craig LLOYD: I think for us that is the line. The expectation is – and they do a very good job of it – our councillors know the community, they know what is going on, they are having conversations, but when it comes to the governance process of making a decision, that is when things need to be tightened down for a period of time.

Jade BENHAM: Yes. Okay. That gives clarity. Cardinia?

Jack KOWARZIK: Very, very similar to what was just mentioned. I mentioned before my reticence to meet with developers. But that is not to say that when we are, for example, having a town planning meeting – which is more often than not a mum and dad investor or a farmer applying to do something – they are allowed to, encouraged to, email and reach out to councillors to advocate for their position. And similar to what was mentioned before, I take it all in as feedback and it informs part of my decision-making process, but I heavily rely on the report from officers. But I separate that out – and perhaps it is because we are a growth area, with four families moving in every day – from meeting major developers, which is something that we do not do as councillors. As I mentioned before, if I get a phone call, I will push them back through the planning team and then note that on the developers contact register. So that is where I think that there are differences in that there are major developments and there is the mum-and-dad builder, and those applicants, even in the lead-up to a town planning meeting, are allowed to email councillors with their position or why they disagree with the officer’s report. But we do not engage in a back and forth; they will make a submission to councillors, and we will consider that in the same way we consider the officer’s advice.

Jade BENHAM: Yes, great. Well, I suppose what I am trying to understand here is how much advocacy community are allowed to have to their local government representatives.

Jack KOWARZIK: They are certainly allowed to have as much as they want. I think the important thing is, as I mentioned before, strength in governance and understanding that whilst they are absolutely allowed to do that, we have to remain independent in our decision-making and we have to make our decision in the chamber based on the advice, based on the planning scheme and what the right thing is for our community.

Jade BENHAM: Yes, great. Thank you.

Peter BENAIZIC: The other thing is I would just probably like to strengthen those comments by our Mayor that as part of our induction process for our new council we did provide some support in terms of understanding the roles and responsibilities of councillors, and we had Mark Hayes from Maddocks making it very, very clear where and what councils can influence and what is not appropriate. I think the practice here has been very strong and has certainly been reflected in the behaviours that we have seen with our new council in terms of not interfering with any of the processes and deferring matters back to the planning professionals, which has been a strong part of the culture.

Jade BENHAM: Great. Thank you. Thanks, Chair.

The CHAIR: Thanks, Ms Benham. We are going to go to Mr Tak.

Meng Heang TAK: Thank you, Chair. I just would like to continue by going back to Cardinia shire and to the Interim Chief Executive Mr Benazic. You mentioned the induction role and responsibility – some kind of understanding of role and responsibility. We understand that fraud and corruption are not currently compulsory components of the training that councillors receive. Now, to you first: what would be the barrier or benefit and challenges if that was to be included in those inductions?

Peter BENAIZIC: Thank you for your question. Whilst they may not be, they were certainly part of the understanding of roles and responsibilities as part of our induction process. Also, as part of that induction the councillors were provided with a presentation from David Wolf from IBAC at that point in time, really I suppose emphasising the need for high-quality governance and understanding where areas could become a little bit grey and encouraging councillors not to step into that space, particularly around conflicts of interest. I think our process has yielded great benefit in terms of the practice that is occurring at Cardinia. Councillors frequently step out of spaces if they note there are conflicts of interest, and that can be around a whole range of decision-making processes. That provides strength in terms of governance and transparency in terms of the decision-making process. But I think the notion of ethical leadership and strong governance was highly reinforced as part of our induction processes, and I would certainly encourage that to be our standard practice in all councils.

Meng Heang TAK: Thank you. That same question to City of Whittlesea, please.

Craig LLOYD: I think really all I can do with that one is just echo what has just been said. Our induction program was very extensive; in our case, because we were transitioning back from administration to an elected council and we did not have any councillors that had operated under the new *Local Government Act*, we had to probably go that little bit further because we did not have any continuity of councillors to bring their experience from the previous term either. So very extensive training – we had external lawyers, and we had panels of IBAC, inspectorate, Ombudsman and others presenting to council to make sure that they understood their obligations in this space.

Meng Heang TAK: And Nillumbik shire?

John DUMARESQ: Again, our induction process was extremely thorough. Blaga Naumoski and the team put it together. We managed to get it done by the start of January. A group of us attended our Victorian local government presentation on integrity, which had IBAC, the Local Government Inspectorate, VAGO and the Ombudsman's office present. I think it is top of mind. Our lawyers, Macquarie lawyers, presented at our induction process and clearly set out where the boundaries are. Again, as pointed out, it is important that councillors are able to be involved in discussions to a point, but we need to take the breadth of community input, help people and point them in the right direction as to where they can go with what they aim to get out of life. I think it is, as I clearly set out, a very good training process, also with both the mayor and deputy mayor attending the MAV Mayors Institute – it was pointed out again there. I think it is a message that is being pushed constantly, and to this point I have found that our councillors particularly have worked within that framework and are very happy with it at this stage.

Meng Heang TAK: Thank you, Chair. I am happy to give my time to the next colleague.

The CHAIR: Thank you. We will go to Ms Benham.

Jade BENHAM: Thank you, Chair. Just changing direction, the thresholds for investigations into fraud and corruption are very, very high as to what can trigger an actual investigation right now. Do you think that those extremely high thresholds discourage councillors and council staff making actual reports of suspected fraud and corruption?

Blair COLWELL: I think those thresholds do not necessarily discourage people making reports, but anecdotally I have seen what appear to be prima facie examples of fraud or corruption which are referred on to integrity agencies and seem to go no further. In many respects I think it is still best practice to refer those matters on, and they need to do what they need to do in terms of doing an investigation and making sure, seeing if there is a 'there' there. But it is discouraging that what seem to be examples, anecdotally, of fraud or corruption go nowhere.

Jade BENHAM: In terms of the bar being very, very high and the term 'grey corruption' now being an actual phrase, do you think the threshold needs to come down for what constitutes fraud and corruption?

Blair COLWELL: From my point of view it is not about the threshold coming down; I think it is about the integrity agencies following through with an investigation and feeling that they have got a weight to refer on for prosecution.

Craig LLOYD: I think there are two different matters. The threshold for reporting is low. You only have to form a reasonable suspicion.

Jade BENHAM: Perception.

Craig LLOYD: That is right. Where is the bar in terms of the integrity agencies actually taking these on? I think that is where the question is, because certainly in my time I have seen very few actual investigations that come to anything.

Jade BENHAM: This seems to be the pattern: regardless of the amount even of reports that might be made to the agencies, there is still no evidence. That is what I mean by the threshold being so high that would actually trigger that investigation going anywhere; it is not the number of reports. Again, it is anecdotal, coming from community members. There may be tens of similar reports, but it still goes nowhere. So is that discouraging for people to make a report, and should that threshold for integrity agencies, understanding that we spoke about their under-resourcing and underfunding –

John DUMARESQ: But it is a resource issue. Blaga attended the same one. You go and look at just the numbers each of the agencies has, and you have a look at the number of reports that go into them, how many people they have on the ground and what pool of funds they have to go with it. I did a rough calculation for the IBAC people. I reckon they had about \$1000 per report to do it, so it is just not going to happen. It is a resource issue. If you can only get down to this point, that is where you will investigate to, so it will be at a very high level. I think if they had more resources, they would do more work.

Jade BENHAM: But in your opinion doesn't that allow for a fundamentally flawed system? Because if there is fraud and corruption going on and no-one to investigate it, if the oversight agencies have not got the resources to do it, it allows it to carry on.

John DUMARESQ: That is the argument. If policing cannot get to every minor thing around the place, people go around and spray-paint on things, but we sort of go, 'Well, that's kind of a –

Jade BENHAM: But those crooks are not using public funds either.

John DUMARESQ: No.

Jade BENHAM: They are using spray paint. This is public funds, ratepayers money, and these are public integrity agencies that are clearly not funded properly to be able to do their fundamental job.

John DUMARESQ: And a lot of them are allegations. You would need to flip them all over to see which ones have legs.

Jade BENHAM: Have weight. That is right, yes.

Craig LLOYD: I think there are multiple issues from start to finish. At the start of the process, when the IBAC Act was changed a few years ago, they lowered the threshold even further to make it easier to make reports, so the numbers have increased naturally as a result of that. There is not the resourcing at the other end to then deal with them. The other thing that seems to be missing, from my personal opinion, is the triaging process that really flushes out ‘What are the most serious ones that we are dealing with here?’, and putting the resourcing in to investigate those ones, from all the other flow. In local government, state government, there are lots of allegations that are thrown left, right and centre. There does not seem to be sufficient resourcing to filter through to find the ones that actually matter, that really need investigating.

Jade BENHAM: But even the ones that may be not founded at all should be knocked on the head straight away, because then we have the misinformation issue that gets out there. I think what we are hearing repeatedly is that integrity agencies are not funded to adequately just do the fundamental job, and part of that is to prevent fraud and corruption in the public sector. Great.

John DUMARESQ: Yes.

Jade BENHAM: I will take the silence as agreement. Cardinia, have you got anything to add?

Jack KOWARZIK: We will just add that our council does not have a formal position, but in terms of your initial question about the bar – ‘Where should it sit?’ – I think the bar being high is probably a good thing because it probably prevents many frivolous claims. I would be happy to see it lowered, as you mentioned before, given that there was the timely settling of these issues, timely investigations, to make sure that things are dealt with. So I think my position is that I am sort of comfortable with the bar being high. It was mentioned before when the bar gets lowered, inevitably the amount of claims goes up. Okay, that is fine. If you are going to lower the bar, you would probably need to increase the resources going to them.

Jade BENHAM: Agree. Thank you. Thank you, Chair.

The CHAIR: Thank you, Ms Benham. Mr Hilakari.

Mathew HILAKARI: Thank you for your attendance this afternoon. Unfortunately, I have only got a moment of time, so Cardinia Shire Council, you are the lucky ones to get it. I think it is really a good news story from your end. You have 1.4 per cent of your decisions made in secret or confidentially. We have had councils before us today who have one in 10, or 10 per cent of their decisions – closer to. What have you done to drive down those numbers and to maximise that disclosure to the public of what is going on in council?

Peter BENAIZIC: Thanks for your question. We are certainly proud of the results that we have got in terms of confidential reports. The predominant process has been around ensuring that every report possible goes through a full public meeting. The only exception to that is where there are commercial-in-confidence components that cannot be expressed in the public forum. That has predominantly been the main space.

In terms of our internal governance processes, they are incredibly strong, and we have been certainly working to make them stronger through review of what is in the public interest and what is not. The structure of our reports enables us to provide them into a public forum in greater quantity so that we limit the amount that go through into the confidential area. That is predominantly around some of the property transactions that we spoke about earlier. It is also driven by our elected officials; the mayor is quite strong in that space as well. So it is good leadership probably from a governance perspective and a political perspective.

Mathew HILAKARI: Thank you.

Jack KOWARZIK: Thanks.

The CHAIR: Nillumbik.

Mathew HILAKARI: Oh, no. That is fine. I am happy.

The CHAIR: Okay. All right. We are going to finish up there. That brings our time together this afternoon to an end. I do want to say a big thankyou for coming and appearing in person to those that have come in, and to those on Zoom, thank you very much for taking the time to join the inquiry.

The committee is going to follow up on any additional questions or questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee is going to take a very short break for 5 minutes before recommencing the hearing. I declare this hearing adjourned.

Witnesses withdrew.