

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 Shane Sali, Mayor (*via videoconference*), and
Chris Teitzel, Director, Corporate services (*via videoconference*), Greater Shepparton City Council;
Cr Scott Jeffery, Deputy Mayor (*via videoconference*), and
Rachelle Quattrocchi, Chief Executive Officer (*via videoconference*), Strathbogie Shire Council;
Cr Scott Rossetti, Mayor (*via videoconference*), and
Carly Bloomfield, Manager, Governance (*via videoconference*), Wellington Shire Council; and
Cr Josh Gilligan, Deputy Mayor, and
Stephen Wall, Chief Executive Officer, Wyndham 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.

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 controls in local government. I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated 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 with us today I welcome Wyndham City Council. We have with us Stephen Wall, the Chief Executive, as well as Cr Josh Gilligan, the Deputy Mayor. Appearing remotely, I also welcome Greater Shepparton City Council. We have Director of Corporate Services Chris Teitzel – I hope I pronounced that correctly – and we also have the Mayor there, Cr Shane Sali. We have Strathbogie Shire Council – the CEO Rachelle Quattrocchi as well as their Deputy Mayor Scott Jeffery. We also have Wellington Shire Council, and we have the Manager of Governance Carly Bloomfield as well as Mayor Scott Rossetti.

Written statements from witnesses have been provided to the committee in lieu of an opening statement today, just because we have a couple of councils and I know that members will have lots of questions and we are hoping to get straight to a great discussion this morning. Without further ado, I think we can now commence questions from the committee. The first question is going to come from Mr Welch.

Richard WELCH: Thank you, Chair. Good morning, everyone, and thank you, those online and others for coming in. Because there are a number of you I will only go with one question, but I would perhaps go around the councils to get an answer from each of you. The question is: have any procurement contracts in the past five years been flagged for anomalies such as cost inflation, non-delivery of services or suspicious vendor patterns, and were any of these escalated to internal audit or integrity bodies? Perhaps we will start in the room and move around.

Stephen WALL: That is a big question. I guess I would start by saying we have a lot of controls and checks and balances when it comes to our procurement processes. I think the short answer to your question is no, I do not think any have been –

Richard WELCH: No flags?

Stephen WALL: No flags have come forward that I am aware of in the last five years, but I would have to take that question on notice to specifically answer it. But I would say there are a lot of checks and balances in place when it comes to the tender processes, certainly right through to the authorisation of –

Richard WELCH: And what I meant for clarity for all the others as well is probably: what happens if there is a red flag? I would accept and expect that there would be many checks and balances in the process, but what is the procedure when something is red-flagged?

Stephen WALL: Again, we have a rigorous process to manage tenders once they are being implemented. Obviously, there are often cost variations that come into play when it comes to big projects, and some of our projects are in the order of \$10 million. We have we have big projects out at Wyndham, so it is not unusual to see cost variations come into play. We have a range of senior officers that are responsible for the management of those contracts.

Richard WELCH: If you want to provide on notice what your procedure is.

Stephen WALL: I think that would be best.

Richard WELCH: If there have not been any red flags in the last five years –

Stephen WALL: No.

Richard WELCH: Okay, but what would happen if you got one?

Stephen WALL: Well, they would be escalated to the highest ranks of the organisation, which is me.

Richard WELCH: And what would be the procedure from there?

Stephen WALL: Well, then we would look what had actually happened and what recourse we had available to us through the process.

Richard WELCH: But is that a documented process or is that an ad hoc process?

Stephen WALL: I will have to take that on notice.

Richard WELCH: Okay. Thank you.

The CHAIR: Okay, who is online? We might go to Strathbogie.

Rachelle QUATTROCCHI: Good morning. Thanks for the opportunity to attend today's hearing. I would say that probably in the first instance we have got contracts and a procurement report that come to our executive team that provide transparency and a level of compliance and oversight. We have got good procurement policy as well. Also in there, there is mention actually of variations of contract and escalation and financial delegation and where they sit.

Richard WELCH: Mayor, if I may, have you had any red flags in the last five years?

Rachelle QUATTROCCHI: I will start by saying I have been at Strathbogie for just over two months. To my knowledge, not that I am aware of, looking back over reports. In saying that, there may well have been some time ago. Probably the timing of this VAGO –

Richard WELCH: I guess the two parts to my question are that first question, have there been, and (b) what is the procedure if one comes up?

Rachelle QUATTROCCHI: Not that I know of, but I would need to take that on notice to clarify if there have been in the past. In my time here at Strathbogie, no, there have not been any contracts that were seen to be a red flag as you described. The only thing I would say is in our capital program there have been significant contract costs and inflation, and that is tracked through the capital works program before things go out to tender. If there was a flag or concerns around a particular contract, that would come through our executive team, and we have got good transparency in reporting that comes through the executive. Because of the low level of delegation, the reports on contracts and procurement would go through to our council group as well for transparency and process to flag anything that may be suspicious or seen to be fraudulent or if there are any issues with that or if we cannot deliver due to inflation or an increase in costs.

Richard WELCH: Thank you, Mayor.

The CHAIR: Does one of our next councils want to join in?

Carly BLOOMFIELD: This is Carly, Manager of Governance at Wellington shire. We have not had any red flags in relation to the procedure. I can take that on notice and provide it to you. But like the other councils, there are a number of controls in place. Our procurement, all our contracts go through our online system port as well, which allows a high level of oversight. In addition, for any contract variances we need to adhere to our financial delegation. So there is definitely a staged approval process in place as well.

Richard WELCH: Thank you. If there is an irregularity identified or suspected – I am using the generic term ‘red flag’ if there is an irregularity – what is the procedure?

Carly BLOOMFIELD: I will take that on notice and provide that to you.

Richard WELCH: Thank you.

The CHAIR: Okay. Greater Shepp.

Chris TEITZEL: There have been no transactions in the contracting or procurement space that have been red-flagged for any concerns in the period of time that I have worked here. The procedure that we would enter into is similar to other councils. We have a number of controls around delegations, procurement reporting, contract management and those sorts of things. If there was an anomaly identified, it would get escalated up the line of control, I suppose, ultimately to the chief executive officer and on to the audit and risk management committee. Our internal auditors would be engaged, if necessary, to do an initial investigation, and councillors would be informed if it is –

Richard WELCH: I guess one of the questions around that is: if a red flag or irregularity came up, would it be an internal investigation only? Do you engage any external non-interested party?

Chris TEITZEL: It depends I suppose on the size of the anomaly. We would do an initial look with internal independence, if you like. We contract out our internal audits to an accounting firm, and we would get them to have a look at it, and ultimately we would engage with some of the agency support – IBAC, the Ombudsman maybe, external legal advice, those sorts of things – and take advice on the best way to progress the matter.

Richard WELCH: Thank you. Thank you, Chair.

The CHAIR: Thank you, Mr Welch. Mr Hilakari.

Mathew HILAKARI: Thank you. I might start with Wyndham. If you did have a cost overrun of significance, how would you explain that to the public? You have just said that you have not had any red flags and particular problems with projects, so how would you explain it to the public if you did have a problem?

Stephen WALL: Well, again, all of our financials are publicly reported, so quarterly we have our financial report and quarterly activity report come to the council chambers, so publicly reported. But also in our annual report we would provide notations of any significant cost overruns that we had experienced during the course of the year.

Mathew HILAKARI: And do you feel that Wyndham council uses confidential briefings to make the council less accountable and to shield decisions and scrutiny of decisions of the council from the public?

Stephen WALL: Look, I think by most measures the volume of reports that go into confidential at Wyndham is considered fairly low based on sector comparisons. So I would say no, I do not believe council does use confidential meetings to hide information from the public. In fact I think our council is very keen to be as transparent as possible to the community.

Josh GILLIGAN: It follows, if I may add, that where you are engaging in matters that might be of sector-leading significance – they might relate to commercial-in-confidence matters; this council is quite proud of some of the work that is in the public domain in this space – that would lend itself to the idea that we would have confidential meetings, as any tier of government does, in terms of dealing with those types of matters.

Mathew HILAKARI: Thank you, Cr Gilligan. You mentioned in the last council meeting that you were quite proud of an IT project which came through the audit and risk committee. It is probably not this one, but I am just wondering how and why the council appointed TechnologyOne for the Wyndham transformation project in 2023.

Josh GILLIGAN: Look, the comments were made in the context of it being particularly extraordinary that an IT project of the nature that we have delivered has been able to be achieved with no cost overruns, within budget, and has been delivered relatively unscathed in terms of concerns, whether it is customer-facing issues right down the line to operational updates that we received from council.

Mathew HILAKARI: So why was TechnologyOne appointed by the council for the Wyndham transformation project in 2023?

Josh GILLIGAN: The CEO is probably able to give a bit more of an overlay to this, but effectively, clearly the original system was not fit for purpose. We have looked to a system that is able to deal with customer requests quicker and is more streamlined to make sure our operations are able to be delivered at scale with a growth corridor, as you would be aware, in the many thousands being added on each and every year. So it is about optimisation and service delivery, but Stephen is probably best placed –

Stephen WALL: TechnologyOne were chosen following a competitive tender process.

Mathew HILAKARI: But really they were fit for purpose because the first project had failed, hadn't it?

Stephen WALL: Yes.

Josh GILLIGAN: Yes.

Mathew HILAKARI: How did we publicly report on this?

Stephen WALL: Well, again, the cost implications of the TechnologyOne project are publicly advised through council's annual statements and –

Mathew HILAKARI: I might take us to the point, which is in 2018 Oracle was appointed for roughly about a \$19 million contract – is that right?

Stephen WALL: Yes.

Mathew HILAKARI: And that was for a 24-month program to upgrade the system?

Stephen WALL: Yes.

Mathew HILAKARI: By 2022, which is about four years into the project, the project was running at about \$40 million, so about \$20 million overspend. Is that correct?

Stephen WALL: I would have to take that on notice.

Mathew HILAKARI: Take that on notice, but I think that is pretty correct. How was that told to the public in 2022? And by the way, I think you really led, actually, this project of what was a real failure in Oracle and started to get out of it because it was clearly not set up in the initial stages in 2018 – this precedes you, by the way. So how did we tell ratepayers that we were at \$20 million overspent at that point in time?

Stephen WALL: Well, again, I would say all of council's financial transactions are publicly transparent.

Mathew HILAKARI: They are in the budget, but could you point to a line item in the budget and explain how I as a ratepayer could tell that we had \$20 million of ratepayer funds already gone on top of a \$20 million project at that point, four years in? How could I tell that from the budget papers that were available?

Stephen WALL: Look, I would have to take that on notice. I would suggest that there would be narrative in the annual reports, which talked about the failing of that project.

Mathew HILAKARI: The failing of the project was then estimated to go to another \$27 million to \$43 million costed over the three years forward looking from 2022 and had another \$12 million in staff impact costs. Is that roughly right, or what is the total cost of the Oracle failure?

Stephen WALL: Again, I would have to take that on notice.

Mathew HILAKARI: Yes. I put it really conservatively probably at around, I do not know, \$69 million in overruns. And this has not been publicly disclosed till this point in time. Is that right?

Stephen WALL: I think that sounds excessive, but I would have to take that on notice.

Josh GILLIGAN: Absolutely, and I –

Mathew HILAKARI: Has it been publicly disclosed before this time that the Oracle project has failed and that it has cost ratepayers tens and tens of millions of dollars?

Stephen WALL: Council has been very public in the fact that we are moving to a TechnologyOne implementation.

Mathew HILAKARI: That was not – my question was: has it been disclosed that Oracle had failed? Because I see the articles and I see the media releases talking about this recent project, and I do congratulate council on it, because IT projects are hard; they are not easy projects to manage.

Josh GILLIGAN: You would agree that cost overruns on a state level of hundreds of millions of dollars of IT projects occur on the regular, wouldn't you?

Mathew HILAKARI: Yes, and we are very transparent about that.

Josh GILLIGAN: As we are, and if we have not been, we will be.

Mathew HILAKARI: Well, then, you had better tell me where the project fail of Oracle and tens and tens of millions of dollars of ratepayer funds were flushed down the toilet, to be frank. Where was that publicly disclosed?

Stephen WALL: Look, again, I would have to take that on notice. But as with projects of that magnitude, there was a clear business case at the start of that project. There was a clear tender process. The project failed for a whole range of reasons, and TechnologyOne is a provider that is in 350 councils across the country and is providing a really good service to our ratepayers going forward.

Mathew HILAKARI: It is probably where the council should have started at. But that was pre your time; I acknowledge that. I cannot understand why tens of millions of dollars of ratepayer funds have never been talked about before this point in time as being wasted and the Oracle project as a failure was never even acknowledged. I will take us to –

Josh GILLIGAN: I take particular umbrage with that.

Mathew HILAKARI: Just before you go there, I will say in November 2022 the Wyndham quarterly community report – I think that is a really good report, but I actually do not believe it anymore, because the quarterly report at that point, when this project was described as failing or failed, said that the project was rated on track – green lighted. In quarter 2 it was rated as on track when we know the project had failed. In quarter 3 it was rated as on track. So wasn't this just a lie in these quarterly reports?

Josh GILLIGAN: Mr Hilakari, you cannot have your cake and eat it too. You are suggesting that you knew it was not on track, so therefore you must have known at that time or now because the information is public and it is known. So I think to be fair, if I can pull it back –

Mathew HILAKARI: You had internal reports saying this project had failed, that you needed to get out of it, that it was already at twice the cost at that point and that it was going to cost tens of millions of dollars more to the ratepayer, and you described it for the next three quarters as on track before you removed it from the report. Is that correct?

Josh GILLIGAN: Look, I cannot remember three years ago or thereabouts, but we are happy to, with notice, now go and provide whatever you need in relation to this.

Mathew HILAKARI: Can you understand why ratepayers can be frustrated with council if they are presenting things that are just blatantly untrue to your knowledge at the time?

Stephen WALL: Again, the report would have been formulated with the best of intent and knowledge at that time, so at that time there must have been a view that it was on track.

Mathew HILAKARI: Did you recommend, CEO, that council should disclose this wasted money to the public? Was it a council decision or your decision? Whose decision is it to not disclose things to the public?

Josh GILLIGAN: I just take particular umbrage with a question that suggests that we are not or somehow were not wanting or willing to disclose cost variations in relation to the project. I just completely dispute that.

Mathew HILAKARI: Tell me when you disclosed it.

Josh GILLIGAN: I cannot recollect at this time when and what date and what time or where. I mean, you are clearly across the detail in this space. But let me be clear: from my perspective, and I am sure this is the shared perspective of the operations, we are always transparent with these things. We are always up-front. We always disclose where it is possible to do so. As the CEO has just pointed out, perhaps at that time of the project there was a change of direction at that point thereafter. I cannot recollect. But I just take particular umbrage with the idea that we are somehow not divulging or not disclosing. We are very transparent, including at great political risk, as you are aware, when we are so transparent when it comes to projects.

Mathew HILAKARI: I am sorry, you did not disclose this project at any point. At any point you did not disclose that Oracle had failed and that it had cost ratepayers tens of millions of dollars more, did you?

Josh GILLIGAN: Well, again, in terms of the wording that you might want –

Mathew HILAKARI: I should not be on top of the council's details more than you are.

Josh GILLIGAN: Sure. In terms of the wording that you are specifically after, I am sure that at some point in the quarterly reports we made some mention of the project or indeed we made a mention in our annual report of a change of system. But the idea, again, that we would withhold or hide – it is just not something that we do at Wyndham City Council.

Mathew HILAKARI: Then you will take it on notice where you did disclose this to the public, won't you?

Stephen WALL: Well, again, I know there have been multiple disclosures and multiple public comments made about the move to TechnologyOne. There was a lot of public notification of the Oracle project when it was being implemented. Again, I think there was probably more fanfare around a new direction rather than focusing on where we had been in the past.

The CHAIR: For the record, Mr Hilakari, you have asked if the council will take something on notice. For the record, I do need you to respond, Mr Wall. Will you take that on notice?

Stephen WALL: Absolutely.

The CHAIR: Thank you.

Josh GILLIGAN: Can I just make one other quick observation: someone has to ask sometimes as well. It is not the case that if we published everything –

Mathew HILAKARI: Ratepayers have to ask about a confidential discussion that they cannot possibly know about and ask council to disclose that information? Is this a serious conversation?

Josh GILLIGAN: I put to you that we are now talking about a project that is in the public domain and has been for quite some time.

Mathew HILAKARI: I do not believe it has.

Josh GILLIGAN: The idea that they would not ask is just a complete fallacy. As the CEO has referred to, your questions without notice clearly relate to the project, so it is a state of public knowledge in some respects.

The CHAIR: Thank you, Cr Gilligan. We are going to go to Ms Benham.

Jade BENHAM: Thank you, Chair. Let us talk about the integrity agencies that matters like this should perhaps be escalated to. We have heard from councils, and we will go around the different councils, that there is a perception that councils perceive that the integrity agencies are under-resourced – it is perhaps not just councils that have that perception – and are unable to provide councils with as much support as they might need. Do you feel confident that the integrity agencies that you interact with, or could interact with should the need arise, will be able to investigate issues that need to be investigated by these agencies? We are talking about the Local Government Inspectorate, VAGO, IBAC, the Ombudsman. Have you got full faith that these agencies are resourced to be able to investigate and support councils through any issues?

Stephen WALL: Again, resourcing is a matter for them, I would suggest. I guess at times, in my experience dealing with the integrity agencies, it takes a while to get a response from the integrity agencies, which is probably an indicator that they are under the pump. You know, more resources would always be better, I would suggest. I think in local government we are a heavily regulated, heavily audited and a heavily scrutinised sector, so there is no doubt the integrity agencies have their work cut out for them. As I said, I do not have a view one way or the other as to whether they are adequately resourced or otherwise. As I said, if their responses to local government were made quicker, that would be a positive.

Jade BENHAM: You said that you have had interactions with the agencies in the past. Does that delay that you mentioned affect your relationship with those agencies at all?

Stephen WALL: No, not with the agencies, but sometimes it can cause challenges within the organisation, particularly if we are waiting on certain matters to be resolved.

Jade BENHAM: Okay. We will go to Shepparton perhaps.

Chris TEITZEL: Similar to the comments just made, I am not aware of what the agency staffing levels or resourcing levels are, but I suppose our experience indicates that there may be a problem there. Also, we have one particular matter that is currently outstanding and is getting on for close to 12 months outstanding. That is probably where our concerns lie at the moment. We report these things up, and in fact this is a public interest disclosure report on a suspected anomaly in some transactions that was reported to IBAC, passed on to the Ombudsman, and now passed back to us – and this is just recent – to do an internal investigation in some way. It is a fairly complex area and fairly nerve-racking for staff when a public interest disclosure is passed back to us.

Jade BENHAM: So can I just ask, in relation to those transactions that have anomalies, they are obviously not to do with procurement, given that in response to Mr Welch's question, there were no red flags raised. Is that correct?

Chris TEITZEL: The way I took that first question was red flags raised around major contracts and those sorts of things. The red flag raised here is that the transactions looked anomalous. There was a number of them, and there was a public interest disclosure made by a staff member about those transactions.

Jade BENHAM: So, semantics. So there have been red flags raised within the last five months?

Chris TEITZEL: Yes. My apologies for that. I did not necessarily think about that one in that context. I am happy to correct myself on that one. There is that red flag that was raised there. My apologies.

Jade BENHAM: Yes. Would any other councils like to correct the record, if there has been misunderstanding? Feel free to do so. Sorry. Go on.

Chris TEITZEL: So in that particular instance, the timeframes involved in working through this particular matter are longer than we would like them to be, I suppose, when we do reach out to support and report those.

Jade BENHAM: So, this is well within public interest. As Mr Hilakari has just said, these are public funds. There has been an almost 12-month delay now. Has that affected your relationship? And there are staff that are

obviously very, very nervous. Has that delay of such a lengthy amount of time affected the organisation's relationship with the integrity agencies?

Chris TEITZEL: No. No, we work well with the agencies, but I think it is probably a frustrating process on our side of the fence and particularly for the person that makes the public interest disclosure as well, because they are sort of left hanging, to a degree, if that is the right terminology, and unsure of how that is going to play out in the future, and particularly when it has been referred back internally. How does that work and how does that independence get maintained in that area? I suppose our expectation is that IBAC or the Ombudsman would take carriage of that investigation rather than us having to engage another external law firm or something to do the investigation.

Jade BENHAM: Do you feel like the agencies, IBAC or the Ombudsman, would be able to support the organisation effectively once this does start to progress?

Chris TEITZEL: I think so, but this is the first one that I have experienced in my history here. Yes. We will see where it ends up.

Jade BENHAM: Okay, we will go to Wellington. Thank you.

The CHAIR: Wellington.

Carly BLOOMFIELD: Yes. I guess in terms of that, we have not had any matters where we are waiting on advice back from those integrity agencies. I can say, with the Ombudsman, we obviously do deal with them on a semi-regular basis when members of the community have reported issues to the Ombudsman. However, in terms of the resourcing and those matters, it seems between council and the Ombudsman we are able to resolve those matters in a reasonable matter of time. In terms of support for councils, one of the things that I think we would like to see is more model templates coming through or guidance or policies where possible, as that would support councils so that we can use our resources more effectively. So we welcome things such as the model governance rules and the model transparency policies which are being worked on at this time. I understand that is a priority for the integrity agencies to support us with those.

Jade BENHAM: Do you have a single point of contact within the Ombudsman?

Carly BLOOMFIELD: In terms of our general manager corporate services, our single point of contact is – we would go to whoever the request has come from from the Ombudsman's office.

Jade BENHAM: Yes. Okay. Great. Thank you. Strathbogie?

Rachelle QUATTROCCHI: I will just start by saying that we have got a history here of a period of administration and some monitors as well and also we have had a lot of change with our audit and risk committee, which has meant that over the last few years we have needed to put in place a really good framework for integrity and engage with those key agencies. So we have a really good relationship with integrity agencies such as IBAC, the Local Government Inspectorate and also the Victorian Ombudsman. We also keep abreast of trends and information coming out from those agencies and communicate that to our staff as well and run regular training, so we do have a really good relationship and a proactive one.

When there have been issues that may have occurred in the past – not in my time here; as I mentioned, I have only been here just over two months – my understanding in looking back over things in preparation for today is that we leaned on the Local Government Inspectorate when there were some challenges here, probably around two years ago, and they were very helpful in regard to their advice, and when we may have needed to with our interactions with IBAC and also the Ombudsman.

Jade BENHAM: We have heard from CEOs and officers; we have not heard from any of the mayors or deputy mayors, and we know that the councillors, mayors and deputy mayors are also interacting and reporting to the integrity agencies. Have any mayors or deputy mayors got any comments to make about their interactions with the integrity agencies, which will be very different interactions to organisation officers and council officers?

Scott ROSSETTI: Happy to pitch in there, Chair. Scott Rossetti, Wellington. We do not actually have that many interactions, but I think it would be helpful for councillors to have a support line outside of the council to

be able to actually talk through whether what they might see is worthy of further investigation or not. There are not that many opportunities to talk to others that might understand. I could use an example. There have been times when we have had councillors who may or may not be getting involved in the operational side of the business of council, and being able to talk that through with someone like one of the agencies I think would be helpful for many councillors.

Jade BENHAM: Isn't that what the MAV is for, though?

Scott ROSSETTI: Yes, that is that is a good point, but they are not normally that well resourced either and useful, from my experience. But if you are talking about what the resourcing levels are and whether they are appropriate for those groups, I think that would be an area that would be worth looking at. Certainly that support would be welcomed with people in that space, because I know the Ombudsman spends a lot of time dealing with the public where they were not happy with the response from council and so they go to the Ombudsman, then they come back and say the Ombudsman did not help at all because they came to the same conclusion that council came to. But help for the councillors in that situation I think would be good.

Jade BENHAM: The Local Government Inspectorate is really the integrity agency that deals with councillors, though, rather than the operational side of things. I know things often get blurred, and the great disclaimer is always 'That's not for me; that's an operational issue.' The Local Government Inspectorate, again, is one of those integrity agencies we know has been under-resourced and can be delayed in getting back to councillors. Have you had any interaction with the inspectorate?

Scott ROSSETTI: Really just in terms of the newsletters they send out, which are always I think quite interesting. I would have to say that this term the induction programs were fantastic not only for bringing people up to speed quickly – the councillors up to speed quickly, especially the first-term councillors – but actually building the relationships. I have found that is half the battle, because as soon as someone starts straying outside the lanes, if you have got the relationships around the council table, they are often called out earlier.

Josh GILLIGAN: Can I perhaps make one observation about that difficult paradigm between operational and councillors. It is a matter that is currently the subject of VCAT, namely Local Government Victoria, having legal representation on behalf of arbiters, versing a councillor who has appealed a decision under the *Local Government Act* and who was found guilty of bullying public servants – council workers – whereby you have through direction of the legal representation of those arbiters the state government framework, a state government led process, where the state government is effectively saying that it does not want to be represented at the hearing; it does not want to advocate for its decision. So what you have under the local government councillor framework at the moment is the most extraordinary situation where a councillor who had to take an action in order to protect workers because the CEO could not do so under the limitations of the Act is now currently before a judicial review through VCAT. Effectively you have the state saying, 'We don't want any responsibility. It's a matter for the person who undertook the act or actions and the councillor who brought the action.' For me, that is a fundamental failing of a state process, a state-led process, a state authority that cannot defend those workers, and it is something that the government urgently needs to look at in terms of review. We talk here today about controls. That is a control that is clearly broken.

The CHAIR: I am just going to move on, Mr Gilligan. I am conscious of the time. We can come back to it. Thank you, Ms Benham. Mr Hilakari.

Mathew HILAKARI: Thank you. The Victorian Auditor-General's report of 2009 titled *Use of Development Contributions by Local Government* recommended that council should clearly report on the collection and use of development contributions revenue in their annual report as well as the associated infrastructure against that plan. Is this happening in your budget currently? Are those development contributions that you have received and collected reported against what those are being used for?

Josh GILLIGAN: Mr Hilakari, we have been completely on the record in the most basic of English about these matters. The residual fund that refers to the Point Cook legacy DCs –

Mathew HILAKARI: No, sorry, I am just asking a question about development contributions.

Josh GILLIGAN: Yes, and I will answer that.

Mathew HILAKARI: Are they line-itemed out for the project that they are assessed against?

Josh GILLIGAN: If you look at the annual reports, it will show you the amount collected in each developer contribution plan, except for the one that you have a particular interest in. So not that one but of course every other one, in accordance with the state Act, sets out the amounts that are collected.

Mathew HILAKARI: So you are saying that is there for every project – the \$3.9 billion that you have got –

Josh GILLIGAN: I do not know where that figure is from.

Mathew HILAKARI: That is from your budget.

Josh GILLIGAN: We do not have \$3.9 billion.

Mathew HILAKARI: I will take you to a section –

Josh GILLIGAN: I would encourage you to go and have a look at the budget papers, and perhaps the CEO can give you some advice on how to read them.

Mathew HILAKARI: Certainly.

Josh GILLIGAN: But to the –

The CHAIR: Excuse me, Mr Gilligan. Let me make this very clear, Mr Hilakari. I ask that all witnesses and members treat each other with respect. Mr Hilakari, you can ask your question again. Thank you.

Mathew HILAKARI: So the \$3.9 billion listed in reserves, which is a combination of the developer contributions and other reserves – how much of that is developer contributions?

Stephen WALL: We have got in the order of \$500 million of developer contributions.

Mathew HILAKARI: Five hundred million – great. So how are they line-itemed out against –

Stephen WALL: They are reported in the annual report against each plan, not against specific projects. But again, councils are seeking to get greater clarity in the reporting of our developer contribution plans going forward.

Mathew HILAKARI: Okay. Mr Gilligan raised Point Cook developer contributions, so I might go there. What legal advice was received and did you ask for any changes to that legal advice on Point Cook developer contributions in particular?

Stephen WALL: I think it is important to note that the term ‘Point Cook developer contributions’ relates to a whole range of funds that were received from developers by way of section 173 agreements, by way of works-in-kind agreements, by way of contributions that predated the current developer contribution plans regime. There were also some developer contribution plans in the latter stages. There was something in the order of \$88 million generated from developers since about 2004. During that same period council has spent over \$144 million on projects in Point Cook to offset those contributions received. There has been a lot of media around unspent developer –

Mathew HILAKARI: Could I just take you back to the question, which was: did you only receive one set of legal advice or did you ask for different changes to that legal advice?

Stephen WALL: Council receives legal advice regularly, and –

Mathew HILAKARI: Yes. I will take you then, really specifically – you have written to the local government minister, on 7 April, and said you had sought legal advice and that this was clear, that the residual DCs do not need to be spent in Point Cook specifically. Was that from your first set of legal advice related to the Point Cook developer contributions? How many sets of legal advice have you received related to the Point Cook developer contributions?

Stephen WALL: As I said, we have a regular dialogue with legal advisers. Again, sometimes the advice required changes over time as more questions come to hand.

Mathew HILAKARI: I am just looking for a number. How many times have you received legal advice on this?

Stephen WALL: Again, I would have to take that on notice. I could not specifically say.

Mathew HILAKARI: Thank you. You said on the Wyndham Facebook page on 19 March 2024 that, 'Recent legal advice confirmed council is not limited in the type of infrastructure this money funds, but it must be reinvested in the area in which it was collected. Council is currently planning the community infrastructure projects in which this money will be allocated.' Why is this so different from what you said to the local government minister about a year later?

Stephen WALL: That statement was said in error. At the time there was a conversation happening about whether the money should in fact be spent in the area where it was generated.

Mathew HILAKARI: So the legal advice was wrong or the statement from council was wrong?

Stephen WALL: The statement from council was wrong.

Mathew HILAKARI: How did you correct that statement? Because it is still up online right now.

Stephen WALL: Certainly in recent times there has been a lot of commentary around the legal advice we have received. Again, I would come back to the point we have –

Mathew HILAKARI: Could you please take on notice where you have corrected that advice to the public, because the public had that advice all the way through to the local government elections at least.

Stephen WALL: Certainly.

Mathew HILAKARI: Thank you. If that was an error on legal advice – and that was just Facebook; it is a bit of a throwaway thing – why did you write in your council budget of 2024–25 that council had received legal advice confirming the availability of \$36.167 million in legacy developer contributions to be spent on infrastructure projects in the Point Cook area? Was that an error as well, what you wrote in your budget?

Stephen WALL: Again, the position of council has changed since then.

Mathew HILAKARI: Was that true or untrue based on legal advice?

Stephen WALL: Based on the most recent legal advice, it was false – untrue.

Mathew HILAKARI: What you are actually doing is legal advice shopping, is that correct?

Stephen WALL: That is not true.

Mathew HILAKARI: How can that be the case? You have got legal advice that you are so firm on that you are putting it in your budget. That is the premier document of the whole organisation. You are basing your decisions on that legal advice. You put it in the budget that this must be spent in Point Cook. What changed?

Stephen WALL: Again, what has changed is the information we have received around the revenues generated, the level of expenditure that has been incurred in Point Cook. The projects delivered far exceed the value of the developer contributions received.

Mathew HILAKARI: They were never attributed to developer contributions.

Stephen WALL: No. We have spoken a bit about systems already today. I think the systems since 2004 have vastly improved. In fact the systems that we had in place to manage developer contributions received and how they were spent 15 years ago were not as sophisticated as what we have today.

Mathew HILAKARI: I am certainly not talking about 15 years ago. In the space of a year and a half you have changed your legal advice from one to the other. Is this a problem with the lawyers that you are hiring? What is the problem here that you can have legal advice which says exactly the opposite thing?

Stephen WALL: I think the first comments made were officer advice, and the last set of advice has come from legal advisers.

Mathew HILAKARI: Your budget is a considered document. It takes months and months to prepare.

Stephen WALL: I think your point is duly made. As I said at the time, that statement would have been valid over time. It has changed.

Mathew HILAKARI: So what changed?

Josh GILLIGAN: The position of council has changed – that has clearly changed. There has been a new set of elected councillors, and a position has changed, as the CEO has pointed out. There has been no change in legal advice. In fact the legal advice is consistent with the position that is currently public today. That money can be spent in a location that is different to the one that you want it spent in – that is absolutely the case. It is our prerogative, just as state and Commonwealth governments have their own prerogative within the realm of law to make decisions. This Council has made a decision to look at spending it on an intergenerational project somewhere else.

Mathew HILAKARI: Okay. So in the 2024–25 budget process, when you read that statement in the budget about the legacy developer contributions to be spent on infrastructure projects in the Point Cook area and you knew this to be untrue according to the legal advice, why didn't you have that taken out of the budget at the time?

Josh GILLIGAN: Well, as you would know, parliaments have parties and there are groups of people and there is power, and whether or not I had the ability to prosecute –

Mathew HILAKARI: But this does not change the legal advice, does it?

Josh GILLIGAN: Well, there was no change to the legal advice. As the CEO has pointed out –

Mathew HILAKARI: Will –

Josh GILLIGAN: Hang on. We need to be really clear about this.

Mathew HILAKARI: Will you provide the legal advice on notice?

Josh GILLIGAN: I want to be fundamentally clear on the record here: there has been no change to legal advice. The legal advice has been clear the whole way. It can be spent in a location other than that. The mandate that sat with those 11 councillors during that period of time was that it should be spent in Point Cook, not that it must be. A decision has been made subsequent to that to spend it somewhere else, and that decision is entirely a matter for Wyndham City Council. It is nothing to do with legal advice. It is not a question of whether it can or cannot be spent in a space, it is whether a group of councillors have determined that it be spent on an alternate project that has intergenerational significance.

Mathew HILAKARI: So which set of councillors ignored the legal advice that you have got? Was it the initial set of councillors, of which you were a member, or was it the most recent set of members?

Josh GILLIGAN: Well, the question here is not whether it was ignored. Advice is advice; you can choose to accept it or not. In this case those councillors ought to have made a decision not to accept the advice and wanted to spend –

Mathew HILAKARI: Will you provide all legal advice received related to Point Cook developer contributions on notice?

Josh GILLIGAN: I mean, this is probably a matter for the CEO, but I would have thought that we are not obligated to provide legal advice.

Stephen WALL: Again, we will take that on notice.

Mathew HILAKARI: Take it on notice – great. The Point Cook developer contributions, which were collected some time ago – is it true to say that you had an accurate record of the developer contributions and their quantum, or was it a best guess?

Stephen WALL: I would respond by saying we absolutely have an accurate record of how much revenue was received. I think the allocation of the funding to specific projects within Point Cook over time did not happen as well as it should have, and so that is why we have this surplus cash, this leftover money, if you like. As I said, \$144 million was spent on projects in Point Cook, offset by \$88 million worth of developer contributions received. Projects delivered far in excess of the value of the developer contributions received.

Mathew HILAKARI: Is the implication of that statement that Point Cook should only receive moneys collected in developer contributions? Is that the implication of that statement?

Stephen WALL: No. But it counteracts the implication that council has not spent –

Mathew HILAKARI: I might take us to the audit and risk committee processes if that is okay. Deputy Mayor and CEO, you have both attended audit and risk committees before. For how many years have Point Cook developer contributions been considered by the audit and risk committee at a higher risk level than they should be?

Stephen WALL: They have certainly been on the agenda of the audit and risk committee for the last five years. Well, I have been at council for four years; they have been spoken about at length in the audit and risk committee over that four-year period.

The CHAIR: We are going to go to Mr Welch.

Richard WELCH: I will pass on my time.

The CHAIR: Ms Benham.

Jade BENHAM: We will go to Mr Hilakari.

The CHAIR: We will go back to Mr Hilakari.

Mathew HILAKARI: There you go; I continue. So what has been done over these five years at least, if it is at a higher risk level than it should be?

Josh GILLIGAN: What is the question? What is what being done – can you –

Mathew HILAKARI: Certainly. Sorry. When an audit and risk committee has something that is at a higher risk rating than it should be, which we agree the Point Cook developer contributions had been for at least five years – is that correct? Or have I misinterpreted what you have said?

Stephen WALL: Sorry. You have misinterpreted what I have said. The audit and risk committee has been continually advised on what is happening with developer contributions, including the Point Cook developer contributions.

Mathew HILAKARI: So the Point Cook developer contributions –

Josh GILLIGAN: And the shortfalls too. There is quite a lot of shortfall in projects where the state needs to contribute. We have done a report in relation to – this has actually been an issue that we have had to bring up. More recently, we did a calculation which was the subject of –

Mathew HILAKARI: Thank you. I will just get back to the question, if that is okay.

Josh GILLIGAN: But hang on. Sorry, to your point about the audit and risk committee, we need to explain what the key factors were that we recently considered.

Mathew HILAKARI: I have just asked a very specific question.

Josh GILLIGAN: I know you do not want to know or hear about it, but it is relevant for the public interest test or for others to know about the issues around that collection gap.

Mathew HILAKARI: Excuse me. I will ask the question again: for how many years have the Point Cook developer contributions been considered by the audit and risk committee at a higher risk level than they should be?

Stephen WALL: I do not believe they have been considered as a high risk. I think there has been a sharing of advice.

Mathew HILAKARI: At a higher risk – higher risk.

Stephen WALL: The audit and risk committee has received information on Point Cook developer contributions and all developer contributions at the City of Wyndham. It has not been assessed as a high risk.

Josh GILLIGAN: But why would it?

Mathew HILAKARI: Well, I encourage you to actually take that on notice rather than guess here –

Stephen WALL: Yes, happy to.

Mathew HILAKARI: whether that has been rated a high risk. So clearly nothing has been done about it, even though it has been rated at a higher risk than it should have been. Is that correct?

Josh GILLIGAN: So again, the context of high risk has this presumption that somehow these funds may have been subject to matters that are unethical in the sense that there has been a cost overrun or there have been no controls over the money.

Mathew HILAKARI: I am just saying that audit and risk committees consider these matters and should do something about them when something is at a higher risk level. That is the job of the audit and risk committee, isn't it?

Josh GILLIGAN: I think we fundamentally disagree on whether it is a high risk. What is the risk here? Money is not being spent in a way that otherwise should not have been administered.

Mathew HILAKARI: Again, I am concerned that I know more about the operations of Wyndham council than you do, Councillor Gilligan.

Josh GILLIGAN: Well, I put to you that that is about as ridiculous as it gets.

Mathew HILAKARI: I will move to the developer contributions and the interest rate connected to them. You have mentioned that there is \$500 million roughly in developer contributions held by council: what is the interest rate level that we receive on that?

Stephen WALL: It depends on the investment instrument that we are using at the time, but again, we invest council cash with the main institutions.

Mathew HILAKARI: Are these dollars then attributed entirely back to developer contributions? So if they generate funds – you know, if there is \$10 million generated by that \$500 million, hopefully you are getting better results than that – is that all attributed directly back to –

Stephen WALL: Yes.

Mathew HILAKARI: So there is not a cross-fertilisation of funding that is going on?

Stephen WALL: No.

Mathew HILAKARI: Great. I will go to now the World Game Facilities Fund – this has recently been raised – which is \$500,000 provided by state government in 2022. When did we realise that this project could not be completed, as a council?

Josh GILLIGAN: What does this have to do with fraud and corruption control?

Mathew HILAKARI: Well, I think it is pretty central to it. You have received funds that you have said that you would complete a project on; you have then come to a view that you cannot complete that project. These are part of competitive grants that go across the state. There are other councils here that probably applied for those competitive grants and have not received them.

Josh GILLIGAN: Sure, but I guess what you are suggesting is we have been honest about the fact that the project, when it was first costed, has cost nearly three times more now. We then asked the state, and –

Mathew HILAKARI: You were dishonest in the first accounting of it.

Josh GILLIGAN: If you take that as a proposition then you have been dishonest on the Metro Tunnel and on the North East Link when you provided original cost estimations to what they are now. I mean, please, Mr Hilakari, let us get honest about how projects are costed versus when they were costed in 2022 to perhaps 2025. You talk to me about getting real when it comes to funding and numbers: I put to you that things cost more money as they go along, and perhaps, particularly with COVID back then, things are a lot more expensive now than they were back then, and perhaps you are better placed to answer why that is the case.

Mathew HILAKARI: So I do put it to the other councils: is it frustrating that councils have put in costings that they believe could be met or could not be met and that councils have missed out on those competitive grant rounds? I might start with Wellington shire.

Scott ROSSETTI: Apologies for my mouse technique there. We have certainly been finding that tenders are coming back more expensive than they were years ago, but we do not have any – we have not been caught out, I do not think, in any great amounts with those quotes. But it is just usual that often things come in under or over. Is that answering your question, I am sorry?

Mathew HILAKARI: No, thank you – that does.

The CHAIR: Greater Shepp.

Shane SALI: I might just get you to ask the question again. Were you suggesting that we are disappointed that we have missed out on particular grants? Is that what the question was or was it related to –

Mathew HILAKARI: That is the question.

Shane SALI: I mean, we are always unhappy when we miss out on particularly grants that we apply for, but as for the detail as to why we miss out, that is something we are not privy to.

Mathew HILAKARI: I could not ask you that question. That is that is too hard to come to, I would have thought. Thank you, that is great. We have finally got Strathbogie.

Rachelle QUATTROCCHI: In terms of development contributions and the reserve being then used for future infrastructure works, we are probably not a council that has been collecting development contributions. That is something that we are looking to do because we did not have the level of growth or development until more recently with the housing reforms. But there has been a change in costs of works – around 30 per cent – so that is something that we are considering including in our contribution amount in reserve that we will need for certain grants. That does put us at a disadvantage as a small rural shire in that we do not have a grant reserve and therefore sometimes we miss out on those grant opportunities. In terms of other grants and funding available, that does actually mean that because we are a small rural shire we do have some disadvantages to those of the more regional cities and so forth. We are able to put in for other funding that does not need a co-contribution, so there is a bit of a balance there. Sometimes it is an advantage for us, but at times it is quite a disadvantage because we do not have those cash reserves.

Mathew HILAKARI: Thank you, Rachelle. I might just ask another question for all councils. Are you able to provide the committee with evidence that councillors have completed training in line with the guidance on mandatory training for mayors, deputy mayors and councillors? I understand there is an attestation process that is undertaken as part of that within the four months.

Scott ROSSETTI: Wellington shire – we certainly can. The mayor and deputy mayor training was undertaken by me and the deputy, and we have got more going on actually this week. The training programs for the inductions, as I said earlier, have been really good this term – very helpful and very informative.

Mathew HILAKARI: Thank you. Could the other councils also provide that on notice and whether it was online or in-person training that was undertaken by particular councillors?

Rachelle QUATTROCCHI: We are happy to answer for Strathbogie shire. I will pass over to Deputy Mayor Scott Jeffery.

Scott JEFFERY: Certainly within Strathbogie shire we were able to complete the mandatory training within the time period. The mayor and I attended in person the mayoral training. So that has been completed, and I am sure the attestation paperwork has been completed as well and can be provided.

Shane SALL: From a Greater Shepparton perspective, we have also completed the relevant training required by all councillors, mayor and deputy. There is also additional training required by the end of the year, which we are scheduling to take place.

Josh GILLIGAN: At Wyndham we are very trained. We certainly have done the accreditations that you are after.

Mathew HILAKARI: Great. Thank you.

The CHAIR: We are going to go to Ms Benham.

Jade BENHAM: Thank you, Chair. Am I correct in saying fraud and corruption training is not compulsory for councillors?

Stephen WALL: It is certainly mandatory at Wyndham.

Jade BENHAM: But not just for the mayor and the deputy mayor – all councillors?

Stephen WALL: Yes.

Josh GILLIGAN: Yes.

Jade BENHAM: Is that an MAV requirement or a part of the Act, or is it that each council sets its own rules?

Josh GILLIGAN: No, there is a mandated set of training, as far as I understand, and that is a part of it.

Jade BENHAM: Okay. For all councillors?

Josh GILLIGAN: Yes.

Stephen WALL: For all councillors.

Jade BENHAM: Right. For some of the other councils – Shepparton is on the screen – have all councillors participated in that training?

Scott JEFFERY: Yes, it is part of the mandatory training requirement. The specific details of when that took place we can take on notice and come back to you. But yes, a lot of training is undertaken in your first six to nine months of getting elected to council.

Jade BENHAM: There is obviously the induction and there is all of that stuff that is set out in the Act, and there have been changes to it. I am just unaware of specific fraud and corruption training elements that are compulsory for all councillors.

Chris TEITZEL: If I can add, particularly in the context of councillors, my recollection, and I may have to come back to you and verify, but it is mandatory for governance and conflict-of-interest training, particularly for councillors, and some of those governance topics and fraud and corruption at an elected level are certainly

covered in that through the mandatory training that we have to deliver. And with the recent changes to the legislation in the last 12, 18 months, there is now annual mandatory training that will retrain councillors in all of those aspects and requirements of the integrity-type rules.

Jade BENHAM: Okay. Great. Thank you. I had some questions, on a completely different level now, about councillor expenses and how councillors provide evidence of community benefit, which in my mind is a phrase that is incredibly vague, because councillors obviously doing their job is community benefit. But how is the judgement call made about whether an expense is reasonable? I suppose we will hear from all the different councillors, because there will be some that I gather from time to time may be questionable, and it would be the CEO that signs off on those, correct?

Stephen WALL: Yes. But I guess all of council expenses are reported publicly. We actually present a report at the council meeting with all councillor expenses. So I guess if –

Jade BENHAM: Every month?

Stephen WALL: Every quarter and then annually in the annual report.

Josh GILLIGAN: And to audit and risk.

Stephen WALL: And to audit and risk as well. So there is a fair bit of scrutiny internally, but equally with the public scrutiny that is available, if any members of the public were concerned about where councillors were spending their cash, I am sure we would hear about it.

Jade BENHAM: Well, I am sure you would, and I am sure different councils from time to time do hear about it. Shepparton is still on screen.

Shane SALI: Yes. We have got an expense policy, and obviously whatever expense you are wanting to claim back on, then obviously that goes through a governance internal process and then up to the CEO to approve, which is then reported to our audit and risk committee for further discussion, which is then made available for public access.

Jade BENHAM: Are there documented criteria? Is it written down anywhere that the public can view, if there are questions that arise?

Shane SALI: The specifics of that we can take on notice. Chris, you might be able to answer that. Through the audit and risk committee, they are all documents that are publicly available, yes, from that perspective.

Jade BENHAM: But the criteria for councillors to make a claim, they are documented?

Shane SALI: Yes, our policies are all publicly available. Our expense policy is publicly available.

Jade BENHAM: Great.

Chris TEITZEL: The general rule of thumb, if I can expand on what I think you are asking, which is around, you know, is it in public interest or those sorts of things? Generally speaking, there has to be an official invitation to a particular function or going to a particular theme representing council, which would trigger the ability to claim expenses in terms of travel, meals, accommodation et cetera. Does that sort of answer your question?

Jade BENHAM: Yes, it does. But if you are saying there has to be an invitation to an event to support it, that clarifies that. Strathbogie?

Rachelle QUATTROCCHI: Yes. Since the time of the VAGO audit in 2019, we have had a lot of rigour around this particular issue. We do have a councillor expense policy. It does have criteria in there about expenses around travel, professional memberships, accommodation et cetera. Separately, we have also got a policy that talks about councillors attending events and conferences. We just more recently too introduced this in the regular agenda briefings with councillors, so that we actually do talk about that and what is coming up so that it is looked at in an equitable way across all the councillors, and that meeting is chaired by the mayor and me. Conversations are ongoing with councillors so that they are well aware and they have a report that comes to

them of expenses to date, and also its forecasts across the 12 months over the course of the year. And we are about to review our councillor expense policy in September.

Jade BENHAM: So that councillor expense to date document is publicly available?

Rachelle QUATTROCCHI: No, that is not publicly available. What is publicly available is the report of the expenses, and that is actually detailed in quarterly reports. The reason I mention that, though: I think it is really important in the integrity of the group that they have transparency and they are also planning out the year and what they are going to be budgeting for with their expenses, and that is why I have introduced that. That is not something that is publicly available, but we do report on councillor expenses and are very transparent in accordance with our policy.

Jade BENHAM: Thank you. Wellington.

Scott ROSSETTI: Thank you. Like the others, we have a policy in place with the process going through to audit and risk published in the annual report. We also do a diary meeting first up every council day, which is twice a month, where people will bring up in their diary what events they are going to or planning on going to. There is often discussion there about whether it is council business or councillor business. The business of being a councillor, going out and seeing a constituent, would not typically be something that you would claim mileage on, for instance – that is part of your councillor allowance. But if you are there representing council – there is a bit of argy-bargy around ones that are at the margin there, because we do try and separate those two out. But clearly when it is MAV or committee meetings, those sorts of things, then it is pretty straightforward.

The CHAIR: Thank you, Ms Benham. We are going to go back to Mr Hilakari.

Mathew HILAKARI: Thank you. Confidential briefings is the topic I will go to next. On 25 March this year four councillors left the council chambers when confidential business began. Deputy Mayor, did you ask the council members why they left the chamber?

Josh GILLIGAN: It looks like it is the Wyndham show this morning. Look, it is a matter for those councillors. Every elected official has a right to determine the way in which they act. I do not agree with the way they acted, but it is entirely a matter for them.

Mathew HILAKARI: It is unusual, though, that people would leave a confidential briefing in your time in council?

Josh GILLIGAN: They clearly sought to create a stunt that you are now talking about, yes.

Mathew HILAKARI: Okay. So you know why they left by the sounds of it. Why did they leave?

Josh GILLIGAN: I cannot possibly be in their minds other than to say that they wanted to create a stunt, which now you are talking about, so perhaps they achieved their objective.

Mathew HILAKARI: Okay. Is it true that in confidential meetings of council items are lumped together, often unrelated, and bundled up to be passed as omnibus motions? Is that correct?

Josh GILLIGAN: That is a ridiculous opinion I am being asked to give – one that I do not agree with.

Mathew HILAKARI: Okay. Is it true that a confidential element may exist for an item but not a number of other items related to any particular project but they are lumped as confidential to avoid scrutiny?

Josh GILLIGAN: Sorry, can you ask the question again?

Mathew HILAKARI: Certainly. In particular projects there may be a confidential matter – for example, commercial in confidence – that may occur. Are these being added to other matters related to the project that are not confidential and all included as confidential?

Josh GILLIGAN: I do not believe so, no.

Mathew HILAKARI: Will you, on notice, ask all other councillors at Wyndham to attest that your responses are true?

Josh GILLIGAN: That my responses are true? Well, you can pick up the phone and call them, Mr Hilakari, or perhaps write to them. Perhaps you already are; that is really a matter for you.

Mathew HILAKARI: Will you take that on notice to the council?

Josh GILLIGAN: No.

Mathew HILAKARI: I am asking the CEO now to provide on notice that these answers are correct.

Stephen WALL: We are here under oath, aren't we? I mean, we are making honest –

The CHAIR: Is that to be provided?

Stephen WALL: Mr Hilakari is asking for me to seek other councillors' opinions on the honesty of our responses this morning. With all due respect, Chair, that sounds like –

Josh GILLIGAN: That sounds like political interference to me.

Mathew HILAKARI: We cannot go into the confidential meetings. We are taking your word on it, and I am asking for the other councillors to say that they are in agreement with that response.

Josh GILLIGAN: Mr Hilakari, this is entirely in the domain of what I would call political mischief. It is not a matter for a CEO to go around and ask elected officials what their opinion is on a matter that may or may not be the subject of a decision they have to make. It has got nothing to do with the operations of council, and it is a bit inappropriate, I may say, to ask a public servant to have to go and do that.

Mathew HILAKARI: In a letter of 7 April to the local government minister it was said that Wyndham city embodies good governance –

Josh GILLIGAN: It does.

Mathew HILAKARI: and just 9 per cent of decisions – one in 10 – are made behind closed doors.

Josh GILLIGAN: Sure.

Mathew HILAKARI: It is probably quite higher than this considering that motions get lumped together, but even as this is, Wyndham council is the 24th worst of 31 metro and interface councils in terms of secrecy. Is it true that Wyndham council, being the eighth most secretive of metro and interface councils, embodies good governance? Do you stand by that statement?

Josh GILLIGAN: Well, no. In the way you have articulated it, no.

Mathew HILAKARI: No. It is just the facts.

Josh GILLIGAN: Well, the facts are this: this council is sector leading when it comes to engaging in matters such as 1160 Sayers Road and other commercial private–public partnerships. We are actually doing what local government should be doing, and that is creating opportunities for people inside our city to get maximum benefit, because we have the state ripping over a quarter of a billion dollars out of our community because of rate capping. So when it comes to why we have to do these things, Mr Hilakari, why we have to engage in alternative revenue sources and why we have to do so in matters that may be the subject of confidentiality, it is for those reasons. I do not see a problem with that. There is not an issue around secrecy, and it is an everyday matter of government. All tiers of government do this.

Mathew HILAKARI: So your evidence is that you need to undertake confidential matters because you are unhappy with the state's decisions. Is that what your evidence was?

Josh GILLIGAN: No. I just want to be particularly clear. There are some operational matters that have to be brought into confidentiality. That is an everyday operational thing. There are some that are dealt with in

confidentiality for other reasons. But this is an orderly, everyday government thing. You are trying to make this to be more than it is. I really do not know how to answer your question in any other way other than this. This is entirely within the realm of the *Local Government Act*. It is entirely orderly and proper that we do this, and we do this to make sure that we do not have risks in relation to decisions where you, as a state decision-maker, call us before a committee and say we have done something wrong. We are doing everything right and proper in relation to those confidential meetings. I attest so as a member of the decision-making body that makes those decisions. I completely reject the idea that somehow we are creating this element of secrecy. I just find it utterly flabbergasting.

Mathew HILAKARI: I mean, it is just the evidence that exists.

Josh GILLIGAN: Well, it is not the evidence. No, what you are quoting –

Mathew HILAKARI: Sorry. It is the evidence that exists. You are the 24th worst – most secret – council out of 31 metro and interface councils. I mean, this information is available online. It is publicly accessible.

Josh GILLIGAN: I put to you, Mr Hilakari, that on one of the matters it is a bit rich for you to lecture me about confidentiality –

Mathew HILAKARI: I do go back to my question –

Josh GILLIGAN: given that perhaps you might have a known understanding of what one of the matters was that accounted to the percentage. But in terms of –

Mathew HILAKARI: I am not aware.

Josh GILLIGAN: You are aware.

Mathew HILAKARI: You are welcome to disclose it here.

Josh GILLIGAN: Sorry?

Mathew HILAKARI: You are welcome to disclose it here, because I am not aware of what you are talking about.

Josh GILLIGAN: I am not sure whether parliamentary privilege would overcome that. But certainly what I would say in the context of parliamentary privilege –

Mathew HILAKARI: I will go back to my original question.

Josh GILLIGAN: is that you are aware of at least one of those matters that added to additional need for these confidential meetings. It is a bit rich for you as a questioner –

Mathew HILAKARI: I would like to ask my question.

Josh GILLIGAN: to then imply that somehow we are secret when you were in on it in the case of one of the meetings.

The CHAIR: Mr Gilligan, Mr Hilakari has a question.

Josh GILLIGAN: Yes, and I am answering that.

The CHAIR: Afford him the opportunity to ask the question and then answer. Mr Hilakari, please ask your question.

Josh GILLIGAN: I appreciate he is not happy with the answer.

The CHAIR: Mr Gilligan, that is not an invitation for you to respond to me.

Josh GILLIGAN: Well, I apologise.

The CHAIR: Mr Hilakari.

Mathew HILAKARI: My original question was: Wyndham Council was the 24th worst of 31 metro and interface councils. Is this the embodiment of good governance, as you have written?

Josh GILLIGAN: Okay, so the first half of your lead-in statement is not true. I do not agree with the secrecy component.

Mathew HILAKARI: It is available online. Like, this is what council report.

Josh GILLIGAN: Yes, but you seek to impugn that having a matter before a confidential meeting is somehow a bad thing. I mean, governments of state and commonwealth persuasions in relation to cabinet decisions make a whole raft of decisions under secrecy. Do you see me as a local government councillor saying, 'How many times are the state and commonwealth cabinets making decisions in confidence and what's the secrecy there?' This is an everyday, orderly government matter. Governments make decisions. Sometimes they have to make them in private in the best overall interest test. Sometimes there might be matters where it would be of great, grave damage if they were done in a public forum before they otherwise needed to be. This is not unusual.

Mathew HILAKARI: So you are not intending to answer that question by the sound of it.

Josh GILLIGAN: No, no, I did answer the question, just not the way you wanted me to.

Mathew HILAKARI: Well, is it good governance or not?

Josh GILLIGAN: I do not think there is a question about it being bad governance, whether or not meetings happen. I mean, I am sure we can, on notice, give you a circumstance where some years those meetings might be of a higher order versus other years. But the idea that somehow these meetings because they are done in confidential business are somehow a bad thing, I think is a waste of your time and a waste of mine.

Mathew HILAKARI: Thank you. CEO, how do proposals usually go through the budget process? Is there an officer's report and an officer's presentation about each of the new items that are coming to a budget?

Stephen WALL: Developing a budget is a complex process that takes many, many months. Again, a lot of local government projects are multiyear projects. A starting point for developing a budget is based on existing operational costs and any of those multiyear projects that might be occurring, and then there is a series of briefings and conversations with council and community around what the priorities are for the coming year. At the end of the day a draft budget by officer recommendation will be presented to council for consideration at Wyndham. Then we publicly exhibit that draft budget document and receive public submissions, and then a final draft budget document is presented to council for final adoption at the end of a very lengthy process.

Josh GILLIGAN: More than the state does.

Mathew HILAKARI: CEO, some councillors said that there was nearly \$4 million which some councillors described as 'added late to the agenda and outside of the normal budget processes', including \$372,000 for security guards. Was that an officer-led recommendation to include those, or was that put in there by councillors?

Stephen WALL: As I said, the development of a budget is a long, long complex process, and items find their way into a budget document by way of officer recommendation, council consultation, community consultation and in fact council resolution through notices of motion and other forums. Again, it is all incredibly lawful and very transparent when the final budget is adopted.

Mathew HILAKARI: Was there an officer recommendation or review of the \$372,000 used for security patrols, which has now been subsequently adopted?

Stephen WALL: Again, that is a lawful decision of council. Council has included that project within the budget. Now officers are working through a process.

Mathew HILAKARI: That is all right. It was really whether officers made any recommendations about it or reviewed it before it appeared in the budget process.

Stephen WALL: Council officers are now charged with the responsibility of building a project to respond to that item from council.

Mathew HILAKARI: I will take that as being 'No, there was no officer recommendation or review of it'. Cr Gilligan, was this project considered alongside Victoria Police at any stage?

Josh GILLIGAN: No.

Mathew HILAKARI: There was no consultation with Victoria Police prior to this project being approved in the budget?

Josh GILLIGAN: We consulted the community, and a decision was made – so no to your question.

Mathew HILAKARI: Was there any consultation with the Department of Justice and Community Safety?

Josh GILLIGAN: No.

Mathew HILAKARI: Was there any consideration of basic crime statistics and community safety?

Josh GILLIGAN: Obviously crime is an issue in Wyndham.

Mathew HILAKARI: So that would be a no. How did you come to the conclusion that this was a good project to support in the budget?

Josh GILLIGAN: Well, three councils have already had to make a decision to step in, and that is because we have issues in relation to crime that require us to undertake a community response. This is not just endemic to this issue. We are finding we are having to step in on a raft of matters around cost shifting et cetera. But there is clearly a community interest that was applied here. A majority of people, as part of the consultation, indicated they either supported it or they wanted it in their part of the municipality. If we talk about community consultation and ensuring we are making decisions and listening to the community, we have a clear document that says the majority of people supported it. I hope the Chair supports it. It is going to be in her electorate as well.

The CHAIR: Thank you, Mr Gilligan. We are going to go to Ms Kathage.

Lauren KATHAGE: Thank you very much, Chair. My first questions are for Greater Shepparton. In your statements you provided information about an internal auditing process. Can you please tell me if that is part of the set policy of the council? If so, which policy does the use of internal auditors fall within?

Chris TEITZEL: I am not sure I fully understand the question, but we have an audit and risk management committee, and we have an ongoing internal audit function that we contract out on a three-year contract to an external accounting firm in the main. Through the audit and risk management committee we set an audit program that is based around our risk management profile on particular items that drives what the audit program would be over that immediate 12-month period and into the future, the three-year period. Those reports are reported through to audit and risk management and then through that to the councillors as well in terms of transparency.

Lauren KATHAGE: Are they three-year terms, and is there a requirement to change the internal auditor after those three years?

Chris TEITZEL: Not that there is specifically a requirement to, and there will be in some instances an extension for 12 months built in. We could do a 12-month extension in some instances, but there will be a requirement to go out to market at the end of the term of that contract.

Lauren KATHAGE: In the internal audits you have had so far, are there items that have come up repeatedly and are yet to be resolved or addressed through fraud or corruption controls?

Chris TEITZEL: Sorry, what do you mean? Multiple audits coming up with the same recommendations? Is that what you mean?

Lauren KATHAGE: Yes. Over time, the same issue arising within audits.

Chris TEITZEL: Not specifically. It depends on the audit. The VAGO audits we are talking about today, which was done back in –

Lauren KATHAGE: I just mean your internal auditing process.

Chris TEITZEL: Yes. What I am using as the example is that the VAGO audit raised some issues, and then last year we did another fraud and corruption audit. There are some outstanding issues from the VAGO audit in terms of fuel cards that we had to implement, and we had recommendations on that internal audit that are similar in nature.

Lauren KATHAGE: When was your last internal audit?

Chris TEITZEL: We do about four to five internal audits on various topics every year.

Lauren KATHAGE: And the recommendations from those internal audits – who has accountability for the implementation of those?

Chris TEITZEL: Various members of staff in the operation will have assigned tasks depending on audit actions that have been accepted through that process.

Lauren KATHAGE: And what is the current status of implementation of those recommendations?

Chris TEITZEL: I would say the majority are on track. Without having gone through every single line item, there is a process of reporting outstanding audit actions to the audit royalties ethical leadership team, the audit and risk management committee.

Lauren KATHAGE: And your audit and risk management committee – how are they appointed?

Chris TEITZEL: There is a policy – you know, a charter – that governs that. We have two elected members on there. One is always the mayor, and then the second one is a group decision of the councillors as to who, and that is done by resolution at a council meeting. The balance of the audit risk management committee is – in accordance with the charter, we advertise vacancies as they come up, and there is a rolling period that they can serve on our audit and risk management committee. After a maximum of nine years – so, three three-year terms – they are ineligible to continue to serve on the audit and risk management committee going forward.

Lauren KATHAGE: Thank you. I have got questions for Wellington, if I may. Wellington, you are the third-largest council, I believe, in the state, and you have been clear that you want to see more policy templates, model policies. In your statements you seem to rely a lot on culture and in some ways the vibe of the place in terms of audit and risk and fraud controls. Can you talk a bit to the specifics or the actualities of how you are ensuring that culture is –

Scott ROSSETTI: Well, we certainly do not rely on culture. Carly can talk through the policies and our processes. The reference to culture is around the fact that if people are in an environment where they feel comfortable asking questions and speaking up, calling out poor behaviour, I think that is a good thing. I see some councils where they are just spending all their time at each other, and I think they are missing a lot of those opportunities. So certainly the culture is about people feeling they can ask those questions, they can delve deeply, and that often happens. Especially with five new councillors out of the nine, there are many questions where people will really drill down.

Lauren KATHAGE: Mayor, what do you see as barriers to that culture?

Scott ROSSETTI: Well, we have actually spent a lot of time right from the nomination process. I actually reached out, for instance, to every candidate putting their hand up and started the relationship building back then. I think having the induction process face to face made a huge difference – actually having people being able to develop relationships around the council table. It also was important then to continue the trust that the organisation has in the councillors, that we can actually ask questions of our senior managers – and I know that is not allowed in many other councils, where they make it uncomfortable because they could be seen to be trying to influence. So in no way do we rely on culture to get rid of risk, but I think culture helps in those ways. But certainly the processes – I do not know if Shepparton have been copying our rule book or we have been

copying Shepparton's, but certainly their response in terms of how it works with the audit and risk committees and the internal audits seems pretty similar. Did you want to add?

Lauren KATHAGE: Thank you, Mayor. Chair.

The CHAIR: I will stop you there, Ms Kathage and Mr Rossetti. I am just conscious of time. Our time together this morning has come to an end, unfortunately, and we have a lot of councils entering the room for the next session. I do want to take the time to thank you all for attending remotely and in person. It is much appreciated.

The committee will 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 will take a very short break of no more than 5 minutes before recommencing this hearing. I declare the hearing adjourned.

Witnesses withdrew.