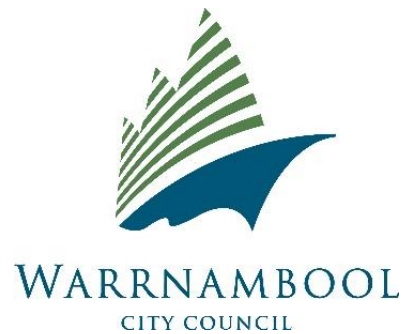


4 September 2025

Sarah Connolly MP
Chair
Public Accounts and Estimates Committee
Parliament of Victoria



Via email: PAEC@parliament.vic.gov.au

Dear Ms Connolly MP

Re: Parliamentary Inquiry into Fraud and Corruption Control in Local Government

The following responses are provided as requested in your letter dated 22 August 2025:

- 1. Would standardisation across councils be beneficial? What things would you like to have standardised (e.g. policies, processes, reporting, grant assessment criteria)?**

In general terms standardisation of many things would be beneficial for Council. If LGV were to issue model policies, procedures, and grant assessment criteria in consultation with the sector then Council can use and adapt these instead of individually creating new documents from scratch. This would be a significant efficiency gain and ensure that best practice is the default across Victorian Councils.

However, it is also crucial that Councils are allowed to adapt and change these model documents to suit their individual circumstances. Councils of different size and geographic dispersion can have dramatically different challenges and resource capacity. This means that a one size fits all approach would be too restrictive to be effective.

A system of many model documents that can be changed as needed would be ideal.

- 2. How does your council ensure that its Audit and Risk Committee is contributing to best practice controls? For example, how your ARC prioritises its work and meeting agendas and maintains transparency.**

The Audit and Risk Committee (ARC) has an established charter which outlines its role and functions. This document establishes the strategic areas that the ARC is to focus on. This is accompanied by an associated work plan which is developed annually in conjunction with Council's internal auditors to establish the specific work the committee will undertake that year. This document is developed in reference to an industry 'heat map' of current topical issues across the industry. Management will also suggest areas for audit based on specific issues or risk areas identified in the previous year.

In terms of transparency, each audit and risk committee's meeting minutes are submitted to Council for noting as a confidential item at the next practicable Council meeting. This provides a level of oversight and makes Councillors aware of the

specific issues being handled by the ARC. This is accompanied by the legislatively required biennial report to an open Council meeting. This provides a higher-level account of key matters raised through the ARC throughout the preceding 6 months that is available for public viewing.

3. How adequate do you believe the current consequences/penalties for breaches to the Local Government Act or instances of fraud and corruption are? What would you like to see changed?

There are currently very significant penalties contained within the *Local Government Act 2020* (the Act). These include 600 penalty units or 5 years imprisonment for misuse of position, 120 penalty units for directing a member of Council staff, 120 penalty units for disclosing confidential information, and 120 penalty units for failing to declare a conflict of interest. These penalties are accompanied by the ability for a Councillor to be suspended, removed from their position, or even removed from office. Finally, there are more general penalties for fraud and corruption found in the *Crimes Act 1958*.

These penalties are varied and sufficient. However, the fundamental issue is ensuring adequate resources are provided for integrity agencies, arbiters, and conduct panels can actively investigate and action complaints made so that penalties can be applied. Currently it seems that only the most serious and extreme of allegations are able to be acted upon and all other matters are referred back to Council for internal action. This undermines the overall regime of consequences and penalties for breaches of the Act.

4. How adequate do you believe current whistleblower protections in the local government sector and how could these protections be improved?

The current protections and processes available under the *Public Interest Disclosures Act 2012* are sufficient. These allow complaints made to Council, the Inspectorate, or IBAC to be classed as a 'public interest disclosure' and the complainant given anonymity and protection against detrimental action in reprisal for making the disclosure.

5. Warrnambool said it wants to see more leadership from Local Government Victoria (LGV) around fraud and corruption controls.

a. What actions would the council like to see from LGV?

As canvassed in Council's response to question 1, Warrnambool sees a role for LGV in providing leadership to the sector in outlining desired practices and being more proactive in the development of model documents. LGV could do more to create and update best practice guides for important issues.

As a single example, LGV's *Local Government Best Practice Guideline for the Sale, Exchange & Transfer of Land* has not been updated since 2009 and contains numerous outdated legislative references, including citing now repealed sections of the *Local Government Act 1989*. This document requires review given it is still heavily relied upon by the Local Government sector and is frequently cited in formal legal advice. There are other examples where no such document exists or has similarly failed to be maintained.

All Council questions:

Council officers canvassed these questions with all Councillors at a briefing and the following responses were workshopped and agreed upon:

- 1. How comfortable are you with the current use of confidentiality in meetings within your Councils?**
 - a. How could the need for confidentiality be better balanced with the requirement for Council decisions to be reported transparently?**

Councillors are satisfied with the use of confidentiality within Council meetings. Minimal items are presented to Council with the confidential designation, primarily being ARC minutes, CEO performance items, and commercial sensitive tenders where appropriate. Councillors note there has been a marked improvement in this since the appointment of Council's current CEO.

However, there is appetite for the creation of a mechanism for Councillors to test the legitimacy of an item being declared confidential by the CEO. This could be in the form of a legislated power for the Mayor to refer a matter to the Local Government Inspectorate or Local Government Victoria for determination.

- 2. What have been the barriers and enablers to your council having a culture that makes councillors and council staff feel safe to 'speak up' when they identify fraud or corruption (both internally and formally through Public Interest Disclosures)?**
 - a. Do you feel confident that integrity agencies are willing and able to investigate suspected fraud and corruption incidents in an appropriate and timely manner?**

Councillors feel that they play a key role in establishing a culture where it is safe to 'speak up'. This is done through modelling appropriate behaviour and holding the CEO and Executive to account for their actions and those within the organisation. There is a sense of positivity and confidence amongst Councillors with the organisation's reporting culture at present.

Councillors find the integrity agencies are trustworthy, have positive intent, and can be effective in discharging their duties. However, despite being willing, there is lack of confidence in their ability to sufficiently service the sector because of inadequate resourcing. As mentioned previously, only the most serious of complaints seem to be actioned, with the overwhelming majority of referrals being sent back to Council to be dealt with internally.

Yours faithfully

Ben Blain
Mayor
Warrnambool City Council

Andrew Mason
Chief Executive Officer
Warrnambool City Council