Response to: Parliamentary Inquiry into Fraud and Corruption Control in Local Government

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

I can only speak at a higher level and share my own views without the ability to comment on actual operational matters. I would believe that both positives and negatives could come with standardisation, with a need for balance that brings about efficiency and clarity, while also allowing for individual councils to adapt to their own local community needs which would vary across the state.

Residents, businesses, and community organisations that deal with multiple councils would face less confusion if processes and policies aligned (where possible). These shared frameworks could reduce administrative overhead and allow Council operations to become leaner. A one-way same-way approach could also assist with performance benchmarking across Councils.

Areas where standardisation could be useful may include:

- Policies such as Governance Rules: Council meetings are managed differently across the State, and require significant resourcing to update where policy renewal is required.
- Procurement policy and tendering applications (standardisation would ensure fairness and avoid duplication).
- Grants funding assessment to remove risk of any potential perceived bias.

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.

Council's ARC is currently undergoing changes. The 29 July 2025 Council Minutes note the following changes

"Audit and Risk Committee - Appointment of Chair, Membership Tenure and Charter Update" - Council's attention is drawn to the terms of reference of the Municipal Monitor which includes the "functions and responsibilities of the Audit and Risk Committee and any matters relevant to its establishment".

Hobsons Bay City Council has appointed an Audit and Risk Committee comprising three Independent Members and two Councillors. The commencement of recruitment for new members and an Independent Chair allows a complete refresh of the Committee's membership. Subject to Council appointment, new members and a new Chair would be in place by the December Audit and Risk Committee meeting.

My personal view – ARC committee members need to hold relevant skills, and have the strength and willingness to question, scrutinize and challenge data, and raise red flags when needed – this includes a presentation/Q&A to all Councillors (whether it be every 6 months, or annually). There are many instances where committee members sit on many ARC's across the LG sector.

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?

The LGI has repeatedly been referred to as a toothless tiger in many media articles, both underfunded, under-resourced. I'll attach an article link below that provides a public admission from the CMI himself:

https://www.heraldsun.com.au/news/victoria/council-watchdog-reveals-funding-cuts-hinder-victorian-fraud-and-corruption-investigations/news-story/2f3b5d28a9a645f03cf3231d428c8ab3

Quoted from the article: "Victoria's council watchdog has revealed it cannot properly investigate fraud and corruption after its budget was slashed by nearly $1m."

Victoria's council watchdog has admitted that severe funding cuts have compromised its ability to police local government fraud and corruption.

Chief Municipal Inspector Michael Stefanovic has told a state government inquiry that many problems at councils across the state go unchecked.

The Local Government Inspectorate is dealing with more complaints than ever but has had its budget slashed from $2.6m in 2021-22 to $1.7m in the past financial year.

Integrity organisations need to be provided appropriate levels of funding, resourcing and powers to allow them to be an effective integrity agency, to allow them to investigate and act quickly, to ensure that enforcement is independent of any risk of political influence, and to discourage the behaviour in the first place.

Consider extending liability to senior executives (not just Councillors) where governance failures are systemic in an organization – there are instances where Councils have been put into administration as the public facing body, while the officers managing the organization flawed by systemic operational failures continue in their roles without consequence, and subsequently move sideways across the LG sector.

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

I would suspect that staff could fear professional/personal repercussions (such as loss of job, bullying) despite the existence of existing protections.

There needs to be clear independent reporting channels with anonymous reporting options, and a trust that these organisations (integrity organisations such as LGI) will be able to act (should they need to) – see question 3 above regarding lack of adequacy of integrity agencies).

The local government sector must be obligated to provide mandatory training to all staff on whistleblower rights and protections and recognise it as a service to the community.

Additional Questions:

1. How comfortable are you with the current use of confidentially 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?

Confidentiality is necessary at times, but there's the risk that it can be applied too broadly. The level of confidentiality vs disclosure across Councils varies both within briefings and Ordinary Council meetings. I've seen examples where Councillors are provided with advice by officers that would clearly influence decision making which is set to occur in the public domain, yet that information is labelled 'confidential' by officers not to be released into the public domain. This lacks transparency and accountability.

There needs to be a clear criterion for confidentiality. Where items are taken in camera a mandate on Councils to publicly justify the reason why something is confidential.

Councils should release as much information as possible without breaching sensitive details by using methods such as redacting necessary elements, or summarising data, as opposed to simply suppressing all information.

I have rarely seen decisions made in camera that are subsequently released to the public. There should be a mandatory review timeline of all confidential (in camera) items with the intent of eventual public release.

Councils should publish a list (potentially quarterly, or bi-annually) of items both heard in camera, and those that have been released.

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?

This topic of staff is best addressed through the recent findings of Hobsons Bay Listening and Support process – refer to media release and document link below:

https://www.hobsonsbay.vic.gov.au/News-Media/2025/July/Council-releases-Listening-and-Support-Process-report

In summary: The findings of an internal staff Listening and Support Process into organisational culture was released in June. The majority of participants characterised their experience of the culture as one of distrust, fear, bullying and systemic dysfunction. They found this culture hindered productivity, collaboration, and employee wellbeing.

This report contains many recommendations to address the findings.

Regarding Integrity Agencies – simple answer: NO. Again, refer to question 3 above. Example: the draft LGI report dated June 2022 titled "Failure of Leadership: Hepburn Shire Council Investigation – highlighting a lack of accountability to the community" has still not been formally released by the LGI. Allegations within that report date back as far as 7 years ago.

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