

# TRANSCRIPT

## INTEGRITY AND OVERSIGHT COMMITTEE

### Inquiry into the Education and Prevention Functions of Victoria's Integrity Agencies

Melbourne—Monday, 7 June 2021

*(via videoconference)*

#### MEMBERS

Mr Stephen McGhie—Chair

Mr Brad Rowswell—Deputy Chair

Mr Stuart Grimley

Mr Dustin Halse

Ms Harriet Shing

Mr Jackson Taylor

Hon Kim Wells

## WITNESSES

Mr Michael Stefanovic AM, Chief Municipal Inspector, and

Mr Ross Millard, Manager, Operations, Local Government Inspectorate.

**The CHAIR:** I declare open the public hearing for the Inquiry into the Education and Prevention Functions of Victoria's Integrity Agencies. I would like to welcome any members of the public watching the live broadcast. I also acknowledge my colleagues participating today.

I would like to begin this hearing by respectfully acknowledging the Aboriginal peoples, the traditional custodians of the various lands each of us has gathered on today, and pay my respects to their ancestors, elders and families.

All evidence taken by this Committee is protected by parliamentary privilege. You are protected against any action for what you say here today. But if you repeat the same things anywhere else, including on social media, those comments will not be protected by this privilege. Any deliberately false evidence or misleading of the Committee may be considered a contempt of Parliament.

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Obviously we are on Zoom today, so if people could mute their microphones when not speaking, just to minimise the interference. Please switch your mobile phones to silent.

If you have any technical difficulties, please disconnect and contact the Committee staff.

Today I would firstly like to welcome from the Local Government Inspectorate: Mr Michael Stefanovic, Chief Municipal Inspector, and Mr Ross Millard, Operations Manager. We welcome your opening comments for 5 to 10 minutes, which will be followed by questions from the Committee. I will hand over to you, Michael. If you would like to introduce yourself and tell us about your position and organisation, and if you would like to introduce Ross also. Over to you, Michael. Thank you.

**Mr STEFANOVIC:** Thank you very much, Chair, and thank you very much to members of the Committee for inviting me to participate in this hearing this afternoon. It is my first one in this role as the new Chief Municipal Inspector. I have been in the role for seven weeks. That is why I have brought Ross with me. Ross has been around since the dawn of time in terms of the LGI and he can certainly assist me and the Committee as we go forwards with the intricacies of your probing questions. Ross, as you said, is the Operations Manager. He performs many, many roles within our small office.

By way of an opening statement, given that I appear to be the first cab off the rank in terms of the integrity organisations, I think it is probably appropriate that I just run briefly through where we sit with respect to receiving complaints and initiating investigations with respect to the other organisations as well so they probably do not have to repeat some of that. We are the Local Government Inspectorate, the dedicated integrity agency for local government, with broad jurisdiction to examine any matters relating to council operations or to elections, as well as any breaches of the new *Local Government Act 2020*. We now, as a result of a machinery-of-government move, sit under the Department of Justice and Community Safety—as of December last year.

Now, in respect to the other integrity agencies that you oversight, the agencies that we deal most specifically with are the Ombudsman and IBAC, who also have a role to investigate matters involving local governments. Just to sort of explain the scene, at the LGI we accept complaints about council operations and potential breaches of the Act, including misuse of position, conflict of interest, disclosure of confidential information and electoral offences. The Ombudsman also looks at complaints about actions and decisions of councils, whereas the IBAC takes on those matters that deal with suspected corruption and misconduct in the public sector more broadly, and with respect to councils and staff, it includes taking or offering bribes, using their positions dishonestly, committing fraud or theft and misusing information from the workspace. There is obviously crossover between many allegations that we receive across these agencies. So we see ourselves as sitting I

would not say between the Ombudsman and IBAC, but we see ourselves as having a key role and an important role in identifying precursors that may be matters that end up with IBAC. If we can detect conflicts of interests at an early stage and address them at our level, then maybe they do not rise to a full-on IBAC investigation.

With respect to the prevention and education function, the Local Government Inspectorate does not have a specific statutory function related to the delivery of prevention and education programs. Nevertheless, we do conduct prevention and education as part of our role. We look specifically at things that target systems, structures and culture which lead to breaches of the *Local Government Act*. We hope that by doing so we can minimise the repeated cycle of exposure and prosecution. As part of this work, the education work, we regularly meet with the LGPro, the CEOs from the local government association, mayors. We are also regularly consulted by IBAC and the Ombudsman in respect to publications they have—the education publications they have in these areas. We participate in many outreach and education programs. In the last two weeks alone I presented at IBAC's public interest disclosure forum and the Municipal Association of Victoria, where we actually delivered a showcase of one of our investigations involving the relationship between councillors and CEOs. Just this coming Thursday we also have another event co-hosted with IBAC and the Ombudsman as well—to assist in that. We have own production of reports, newsletters, presentations, social media. We have a presence on Twitter. We do try and use that as much as we can. We also have a presence on LinkedIn; we reach out there.

With respect to the targets of your Committee today, the specific themes, really from our perspective it is IBAC and the Victorian Ombudsman with whom we are most closely related. Again, we are a small office and we are not mandated to do education and outreach. We really do lever off the Ombudsman and IBAC with their resources in that area. If IBAC produces a report in relation to council matters, it is something that clearly we would be involved in in terms of looking at how we might involve that in some of our outreach and education matters.

We do not interact with the Office of the Victorian Information Commissioner or the [Victorian] Inspectorate in relation to these functions. Like I said, we do from time to time receive contact from other agencies interstate seeking our advice on matters, including that we were the primary Local Government Inspectorate across the country; there is now one in Queensland, and I know at least one other State is actually considering setting up something similar. So we will assist them where we can to give the input as to how it is working here and how people might incorporate it there. We see ourselves, again just to sort of sum up, as a key partner in the integrity system in Victoria, albeit a small one, and we will work with our partners in the integrity agencies to learn from our various investigations as we go forward.

In closing, I would like to thank the Committee for this opportunity to appear today and look forward to taking your questions. Thank you.

**The CHAIR:** Thanks, Michael. Over to the Committee members, if anyone has a question. You can either put your hand up or just shout out your question.

**Ms SHING:** I might as well go first. Firstly, congratulations, Michael, on the appointment and well done on your choice of Ross to come along with you, given his primordial interest in the work of this particular inspectorate. I am interested to know more about the response to complaints focus on the one hand versus the lack of own-motion capacity other than in education and systemic observation, and to hear more about how that works for you in the absence of complaints, particularly where there is crossover with other integrity bodies. There is a fair bit in that, but I would like you to explore it in the first instance.

**Mr STEFANOVIC:** I will address the own motion. It is something that I am interested in. In coming into this role and coming straight out of a royal commission, or fairly recently out of a royal commission, the powers that the LGI is vested with are pretty potent powers. I think there is capacity in there for us to potentially do more with respect to own motion under the existing powers. I certainly would not be seeking for this Committee or anyone else to be lobbying for any additional powers; I think what we have is more than sufficient at the moment. It is just where we can use those own-motion powers. We have got some other structural issues—we do not have a hearing room, for example; matters like that—if we were going to conduct own-motion types of inquiries, and certainly under the Act the Chief Municipal Inspector has got some pretty coercive powers to get people in and answer questions. But the question is: Where do you do that? Do we do it

in a shared conference room on the 15th floor with many other agencies next door, or do we have some private facility where we do that?

I sort of looked at what we might have available to us in respect to that. I think there is something we can do where as part of our mandate we look at financial returns that councillors are required to put in. Maybe we can do a bit more in terms of looking at those in a proactive way, looking to see not just that they have complied but doing the groundwork to actually see what is in there. Is there some way through the own-motion mechanism we can actually look at the relevance of it; is it full, complete; is there a reason why something is not being put there that was previously there and those types of matters? I think it is certainly something that is on my radar at the moment—the ability to use the own-motion powers.

**Ms SHING:** Just on that, can I take then from your answer that it is a practical consequence of not having a specific hearing room or the infrastructure around you that is why you are not conducting own-motion work—

**Mr STEFANOVIC:** No—sorry to cut you off—it is a combination. We are a small office, we have got plenty to keep us busy, certainly during election years where the complaints triple, but I think it is a combination. We have those powers—Parliament has given us some pretty robust powers—and it is: How might we use them to sort of further our work? Across the spectrum we can choose a thematic thing that might have come out of earlier investigations and maybe was something we detected five years ago. We can go in there and look at that again with fresh eyes to see if there is something new. But it would be nice if we had our own facility, we might make more use of that, and so instead of doing it through emails and phone calls, call people in and put them before us to actually answer those questions under the potential that should they fail to comply, then we could take them before the Supreme Court for contempt. Ideally we get people to come to the table and cooperate, but we do have that power, and it is something that in the appropriate case we might use. I think if we had our own facility or had developed a practice or an arrangement where we understood we had that facility available to us, then I think we would be more inclined to use it.

**Ms SHING:** Just one more. I am sorry, Chair, one more question as a follow-up to that. Michael, have there been any instances where you have not pursued an own-motion investigation because of the lack of facilities?

**Mr STEFANOVIC:** I am not aware of one, certainly not in my seven weeks. But I will defer to Ross.

**Ms SHING:** Thanks. Hi, Ross.

**Mr MILLARD:** No, there has not been.

**Ms SHING:** Okay. Thank you very much. Yes, sorry.

**Mr MILLARD:** It depends on what you mean by own motion too. We do a lot of reports—whether it is personal interest returns; we have done reports on elections, campaign donation returns—so we do do systemic reports as well.

**Ms SHING:** So systemic reports are different though to an investigation of a matter that has at its heart an individual's—

**Mr MILLARD:** Yes, and we have never not done an investigation. The reality is we do. Last year we had nearly 1400 complaints because it was an election year. We have got 14 people, so that kept us pretty busy.

**Ms SHING:** That is fine. Thank you for that confirmation. I appreciate it.

**Mr STEFANOVIC:** Sorry, if I could just add one other thing too. With respect to own motions, sometimes to do an own-motion type of inquiry, or self-generated, you need to know what you already know, so you need to have a robust case management system that you can interrogate to identify trends and the like. Now, that is something that has held us back, and we are actively looking at that now. We have a Lotus Notes-based investigations case management system which is clearly not up to the task, and we are actively pursuing alternatives to that and talking to Justice about how we might do that within their broader IT infrastructure.

**Ms SHING:** Thank you very much for that. Thanks, Chair.

**The CHAIR:** Any other questions from Committee members? Mr Grimley.

**Mr GRIMLEY:** Thanks, Chair. Thanks, Ross and Michael, for your submissions today. I have just got a question around the functions of the office. You spoke about the misuse of position, et cetera. Are you able to identify any common themes in terms of breaches of the *Local Government Act* at all? If there are common themes coming through, how does the LGI seek to address those through education and prevention programs?

**Mr STEFANOVIC:** Yes. One theme is clearly conflict of interest. It is something that is always there at every level of government. It needs to be understood, and anyone who moves into a new role, whether it is a councillor or a council staff member or elsewhere across the public service, they need to understand what it is. Now, just in two days from now the IBAC are hosting a learning exercise on that, so I and the Ombudsman's office are also participating in that, and that is thrown wide open to council staff members, councillors and people from across the State public service. Wherever we can we get in there and remind people of their obligations. And also just last week when I was speaking at the Municipal Association of Victoria forum I went over some of the provisions in the *Local Government Act*. Some of the offences are pretty heavy offences, potentially with five years jail. As I said before at the opening, some of the stuff that we look at are precursors to the things that end up on IBAC's plate. So if there is an undisclosed or an undetected conflict of interest that is in some way affecting council operations and their integrity in the government's processes, then if our office can hopefully identify that, investigate it and address it, it will nip it in the bud before it blows up into something that will end up on IBAC's plate.

**Mr GRIMLEY:** Just one more question if I can, Chair. That education and prevention program, is that coordinated from IBAC's end, or who actually coordinates all that?

**Mr STEFANOVIC:** That one is IBAC. IBAC and the Ombudsman have got the largest resources for that, so we simply could not attempt to do that on our own. We will do it on smaller engagements with individual councillors or mayors or smaller groups, but something like that where it is across the entire sector, across the public service, we make sure we stay plugged into them as much as we can so we can use their resources in common.

**Mr GRIMLEY:** Thank you.

**The CHAIR:** Thanks, Mr Grimley. Thanks, Michael. Are there any other questions? I cannot see anyone putting their hand up. If not, Michael, I have got a question. You said in your election year you trebled the number of complaints. I think Ross stated that you had something like 1400 complaints last year, which was an election year. How do you cope with that influx of complaints, such as with staffing? And what is the turnaround time to deal with those complaints?

**Mr STEFANOVIC:** Okay. This is my first experience of this. I came in as we were sort of finalising our election report, which will be issued this month so you will get further detail on that. We did get some supplementary funding to assist with some temporary staffing to process that, but I go back to what I said earlier about the complaints management system: we are using something that is pretty old and weary, and there is a lot of manual replication. So if someone wants to lodge a complaint on our website, for example, that has then got to be essentially transferred across manually and put into our case management system and dealt with, as opposed to having something that is integrated where essentially your complainant becomes your data entry person and they fill in the appropriate form and attach the relevant documents and then it all gets migrated into your system. It is something that we have to deal with every single day of the week, but during the election time it is quite frantic when you get somewhere between 30 and 40 complaints a day and we have low-level administrative staff who have responsibility of entry, of speaking to complainants or responding to emails. We know what we have got to fix, and we are actually pursuing that—a system where the complainants can do that and we have end-to-end carriage of a complaint from the start to the final sort of resolution of it, and there are milestones where the complainant is kept up to date with it. That is what I would like to see as we go forward with these things. Ross, do you want to address the other parts of it?

**Mr MILLARD:** Just specifically in terms of the election we will be putting out a report shortly on that which details how we handled it. We had 848 complaints in the space of six or seven weeks. We have still got some ongoing matters, but the vast majority of those have been addressed. Some of them are low-level complaints—authorisation of electoral material, et cetera—but we have basically dealt with those now. And we normally take on extra staff. It was a bit more challenging last year; it was the most difficult year we have had in terms of dealing with complaints. Our normal complaint load is about 400, or just over 400. We had 848 last

year, 400 in 2016. So it was a difficult year—a lot of those were social media complaints—across the board. A lot of those we saw as an education opportunity, to educate candidates, but we have still got some matters that we are still following up. And there were some more serious matters. You probably heard about one, with Moreland. The police were taking that up, that was ongoing, and we have still got probably three or four more serious ones we are dealing with.

**The CHAIR:** Thanks, Ross. Just a follow-up question, Ross. Out of the 840-odd complaints that you had in an election year, how many of those would be frivolous or vexatious complaints or complaints that tie up your time but really do not need further investigation?

**Mr MILLARD:** Hundreds of those.

**The CHAIR:** Yes, right.

**Mr MILLARD:** Quite often they weaponise the complaints process against other candidates. We will be reporting in the next week or two about that in our election report, but no doubt the process is used that way by some candidates.

**The CHAIR:** Okay. Thank you. Last call for any other questions.

**Mr HALSE:** Chair, if I may?

**The CHAIR:** Yes, Mr Halse.

**Mr HALSE:** Thank you, Chair. I am just wondering about the reference to how many additional staff that you took on during that period in the lead-up to the elections and how quickly that was conducted and the efficiency of that process of taking on staff quite rapidly in the lead-up to election process. Thank you.

**Mr STEFANOVIC:** I will defer to Ross because he was there.

**Mr MILLARD:** Look, it was difficult last year, and it was towards the end of the process that we got two extra staff. We tried to get other staff, but they just were not available at the time, and because everyone was working from home, it made it doubly more difficult. We engaged two extra staff. Normally we engage four.

**Mr STEFANOVIC:** And I will just address the question of the effectiveness. Coming in afterwards and seeing it still with things unresolved, again, a lot of it goes back to the case management system. If we can get everything data-entered by our complainants, like many other agencies do, then we probably need less surge staff to process those complaints and we can do a better job going forward with all of our complaints in terms of timeliness back to our complainants.

**Mr HALSE:** Thank you.

**The CHAIR:** Thanks, Michael. Thanks, Ross. Thanks, Mr Halse. So if there are no further questions, I just want to thank you, Michael and Ross, for presenting to the Committee and answering our questions on your submission today. There may be some questions on notice that Committee members might wish to put to you in writing. I will forward that to you in due course for a response. But I just want to thank you again for presenting and answering our questions today. On that basis then, I declare this hearing closed and thank you again for your time.

**Witnesses withdrew.**