

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### Inquiry into Local Government Funding and Services

Melbourne – Wednesday 26 June 2024

#### MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsey

Moira Deeming

Bev McArthur

Tom McIntosh

Evan Mulholland

Sonja Terpstra

#### PARTICIPATING MEMBERS

Gaelle Broad

Georgie Crozier

David Ettershank

Michael Galea

Renee Heath

Sarah Mansfield

Rachel Payne

Richard Welch

**WITNESS**

Dean Hurlston, President, Council Watch.

**The DEPUTY CHAIR:** I declare the hearing of the Economy and Infrastructure Committee open on this matter and indicate that Dean Hurlston is here from Council Watch.

Just to be clear, what you say here is protected under parliamentary privilege. Anything you say outside is not.

If you want to give a short, perhaps 8- or 10-minute, introduction and then we will ask some questions. You have obviously got our terms of reference.

**Dean HURLSTON:** Yes, I do. Thank you first of all to the committee for the opportunity to make a public submission, one of the only submissions on behalf of the residents and ratepayers of Victoria. I will outline some of our views around the inquiry and submit the final report through to you by the end of this week. I am more than happy to take questions today. Anything I cannot answer I will answer on notice or in writing at any time.

Established in 2001, Council Watch aims to hold councils accountable from the community's perspective. We look at evidence and try to make it digestible because councils are very complex. I want to state that councils do have a problem – that is why we are here today – but the problem is a spending and accountability problem. It is a governance problem – a key recommendation – in the Act around the lack of controls over spending large sums of money. Many councils handle hundreds of millions of dollars of public money. It is a problem around the prescribed service standards that do not exist in the *Local Government Act*. It is a problem about what services councils should actually deliver, what they should not deliver and what they should stop duplicating.

Local council decisions have the potential to enhance very well or rob the community of quality of life. When they determine to spend money on excessive projects that cost a fortune, they may very well be robbing the community of basic services. Let me give you an example, a photo that I will have put on the screen right now, of Prahran Square, a \$74 million concrete bizarre jungle that was deemed to be open space. The City of Stonnington delivered an epic failure, \$74 million of public money to concrete over the top of an underground car park. Stonnington has the lowest open green space in the state per person, the lowest access to open space, and this was council's solution. I do not see much green space. Do you? The council in 2019 opened this as public open space, and it has been an anchor around Stonnington since. It is bleeding the council of over a million dollars in loss per year and the car park is not used to the capacity underneath. Instead of acquiring more land, which \$74 million could acquire, this is what council did. Let me tell you, there is no business case, there is no justification and there is no measure of community benefit. This is the consequence of a ridiculous *Local Government Act* without prescribed standards.

Councils have a spending and accountability problem. It is right in front of you. Yes, there are some problems in regional councils, and I want to stress that we support that local councils in regional areas are absolutely underfunded and starved of the funds, for the road networks particularly, they deserve. But many decisions in metropolitan councils involve large sums of capital, such as expansive council offices costing \$30 million, aquatic centres now costing \$100 million, sports stadiums costing \$50 million and \$60 million. Where do you think that money comes from? It comes out of the actual surpluses of councils and means that the basic infrastructure is not being adequately maintained.

Many councillors abuse their position and the limited financial resources of councils for political gain and starve them of asset renewal. This is so prevalent it is not funny. Obviously sporting investment – pools, aquatics centres and all those things – are really important, but they must be done where they deliver maximum community benefit or return. When it is prioritised instead of asset renewals, it just starves the basics. We know that councils historically have had poor asset management programs. We know this because VAGO repeatedly tells us so.

Successive governments have failed to implement a clear scope in the *Local Government Act* of what the essential functions of local council are, what performance standards should be met, what optional services are and what is completely up to the council to choose. Instead what we actually have now is a mix of 140 services, of which only 50 per cent are somewhat or fully legislated for a council to deliver. Fifty per cent of services are

not required under legislation. Of course we understand that there is always community expectation, but isn't that the role of the local council to actually take the community on a journey if that needs to change? We have seen that recently with in-home support services and aged care, where councils have had to exit.

The minister herself, the Essential Services Commission and the Victorian Auditor-General only last year gave all councils a clean bill of health and said that councils were in a fantastic financial position to weather the storms after COVID. There is no industry crisis; it has been manufactured. How do I know this? When this inquiry was announced I wrote to all 79 CEOs. Five responded that they could even articulate what cost shifting was from the state government. The majority did not respond, and those that did respond but could not answer simply said, 'You'll need to talk to the MAV.' That is very telling. That was July last year.

There is significant cost disparity in all the modelling of councils. Let me give you an example. There is no service standard around the provision of libraries per capita. Therefore two adjoining municipalities may have three libraries or six serving the same number of people. Why do we not have benchmarks that actually tell us if we are over or under invested on a service? Councils do not conduct adequate service reviews.

We think these are levers that this committee can certainly look at before we start saying, 'Let's take away the rate cap.' The rate cap was put in for a reason, and it is already failing in some aspects. When it was originally designed the rate cap was designed to put downward pressure on the costs of services for councils, based on the growth of residents in a municipality. The first thing that the industry did was get that growth target taken out, and it now means that any time a council issues a certificate of occupancy, that new ratepayer is excluded from the rate cap in that year. Make no mistake, councils can grow their revenue by growing their residents.

Why are we not looking at options around user-pays models? Why are we not looking at what services do not deliver the service that we expect as a core service? Many discretionary services of councils are not necessarily what the majority need. Rate capping is well received by the Victorian community. We already know that we are overtaxed compared to other states. Where is any additional money going to come from – the state government? Our hip pockets? I do not think in a cost-of-living crisis that anyone in the industry is being realistic around what we are doing. The minister has made it clear that councils can also apply for funds outside of the rate cap. Why is it that since 2019 – despite it being difficult, we agree – not one council has applied for a rate cap? Is it that they do not want to do the work or that they do not need the money badly enough? This is a manufactured crisis.

Regional councils I just want to touch on very quickly. We do see that they need support. They need significant state support. They simply do not have the resource numbers to deliver efficient back-of-house operations, and one option that is available to this committee to explore and to the government is shared services for a number of councils across the state to actually take away the burden that they face of being underfunded. It also is not lost on us that many times very affluent inner-suburban Melbourne councils get large sums of money in grants while the regions starve. We would like to see the opposite. We would like to see the regions put first. If you are delivering \$30 million and \$40 million surpluses, you do not deserve the grants on top of what you ordinarily get. We know that the claims of the funding crisis are misplaced. The minister has the power to issue guidelines around service provision, service standards and rates of service per capita. We would like to see the government do some work in this area first before everybody starts trying to get more money.

Our research into the very figures that councils provide to the state government for grants requests has actually revealed that over the last eight years – and this is not our data; this is theirs; if you could go to the graphs, please – there has been an explosion in council governance staff. Next one. If you look at these numbers, and these are the state government numbers that councils supplied themselves, that is the trend of governance staff and governance costs of the council. They have created their own problem. This is not about cost shifting. Of course some of it may be, but the majority cannot be about cost shifting. It is empire building. Let us be clear on what it is.

On the next graph you will see, as we scroll through any of those graphs, real-time flatlining and reduction in traditional service funding. We are talking about roads, bridges, drains, footpaths, traffic and parking. All the while climate change has gone through the roof, and all the while other expenses that we would expect around disability services and aged care have dropped or flatlined. This is a crisis they have created by underfunding core services, refusing to define them and chasing every rabbit hole. Councils need to pull their heads in. With respect, they have created this crisis because they are trying to be everything to everyone else.

We also hear lots of complaints around compliance costs, changes in legislation and regulations. Welcome to the cost of running any business. Speak to anyone in business and you will see no government handout comes when a law or regulation is changed. That is your responsibility. Seventy-nine councils produce 79 versions of the same document, whether we are talking about an LGBTQIA action plan, an open space strategy, a diversity and inclusion strategy – any of those strategies, even a disability strategy. Most of it is copied, very similar work. In fact it is shared, and often the staff are using the same words. I have even seen in some strategies that they forgot to change the council that they actually were writing the policy for. What we have is an existential bureaucratic crisis, not a services problem. As a consumer advocate we fail to understand how with 50,000 stakeholders in this sector and five peak bodies who generate \$30 million in fees from the local government sector, our rates money, they cannot come up with clear, defined answers.

What I have heard today and through the inquiry and the submissions is a lot of rhetoric, a lot of discussion, a lot of ‘Maybe we could, but we’re not sure. We can’t define it. We don’t know. We don’t want to be defined.’ Why not? The state government is. The federal government is. You are much more defined in what you can and cannot do. Local councils need definition, restraint and some respects of control, because otherwise what we will see is councillors drag them off into the sunset and down every hole they can. The more we allow that, the more there will be an existential funding crisis that they have created.

Councils also need to learn to say no. They cannot be everything to everyone, because otherwise we would not need state and federal governments. Councils in Victoria are the most prolific when it comes to committees. They have more committees than you could ever dream of at a state Parliament level. There are approximately a hundred committees for Victorian local government, every single one of them spending time and money on much the same thing.

We would also like to say there is a disparity in the committee model that is costing another lot of money. Tens of millions of dollars is going to these committees – junkets, conferences, events. None of it delivers anything. This weekend the industry is going to Canberra to ‘talk to the politicians’ in Canberra. They actually need to talk to you. Local government is controlled by state government – there are only grants coming from the federal government – yet here we have around \$2 million of ratepayers money being spent on a junket for hundreds of councillors in Canberra that is a waste of time.

The rate in the dollar model is flawed. It creates inequity in communities, particularly regions with no density to actually share the cost burden. The entire funding model is full of inequity. Not only is it unfair, it is unsustainable. If councils cannot deliver today based on the funding, where do they think it is coming from?

CEO salaries are disproportionate; there is no doubt about that. But we remain saddened that this inquiry shows that the MAV, LGPro, VLGA, FinPro and ALGA – very experienced, seasoned, well-resourced and publicly paid for organisations – fail to actually solve these problems. They are turning up to this inquiry and telling you they do not have the answers – why not? What are we paying them for? Fourteen billion dollars goes through local government each year and \$100 billion goes through the state. They are not underfunded, they are underdefined.

Lastly, we just want to talk around community satisfaction. If you go back to the graph with all the community satisfaction on it, why is it that community satisfaction in local councils is at a 10-year low? It is probably at a 20-year low. Is it correlating to the underfunding of core services and the overfunding of things people did not ask for? If any business ran at that level of service, where less than 50 per cent of the state are happy with their councils, I do not think they would be in business very long.

Hardship – I would like to draw the committee also to, which we are happy to provide, the FOI investigation we did across councils late last year that showed less than 0.01 per cent of rates were ever returned to people in hardship. Councils do not give a dollar back. Let us be real: they keep the money. Banks and utility companies are much more easy to deal with when you are in hardship than a council. They will not give the money back to people in hardship.

In closing, again I want to say thank you. What we hear from the industry is a repeated, confused dialogue that thinks it can be anything it likes. It can say and do and be anything to anyone. It should therefore, in their minds, be funded to do just that. If you want to be funded to be everything to everyone, you will never have enough money. Local government is absolutely vital. Despite what you think, we love it and believe in it, but

we want to see it successful and keeping communities happy. The *Local Government Act 2020*, by taking out all of the prescriptive standards and making it a principles-based Act, has absolutely decimated consumer confidence in local government, because it has taken away any measure or any way for the average person to know if what they are paying for is reasonable. The paying public wants a much more defined and prescriptive set of standards it can hold its elected councillors to. The challenge for this committee is to ignore the noise and listen to the evidence. Thank you so much.

**The DEPUTY CHAIR:** Thank you, Dean. I have got a few questions first off, but then I will hand over to my colleagues. We will try to keep it to short 5-minute blocks. If I can just make a brief point at the start, I think a lot of what you say is true in terms of the lack of sharp definition. I mean, one council is not the same as the next, to be honest, and there is a big variation, but many could improve their outcomes in terms of engagement with the community and service to the community. One government monitoring device is the performance reporting on the local government site, the Know Your Council site. I want your response to this, because this is being sold as a useful improvement, and there is some useful information there, I think, if you agree with that.

**Dean HURLSTON:** Yes, definitely.

**The DEPUTY CHAIR:** Can you reflect on that: what is there, how useful is it and what might be there?

**Dean HURLSTON:** Sure. Initially the idea was great, and it worked for a number of years. What the committee may or may not know is last year the minister and the department decided that they were going to turn it off and that they were not going to continue funding the website. We actually did an FOI and found out the only cost was \$30,000 a year. Now, it was the only resource anyone had in Victoria where they could go in and key in their council and compare some core measures to other councils. That is a great tool.

We know we can do better. We are actually about to launch our own dashboard at Council Watch that will use the data and be much more prescriptive. The issue that we have with that is that there is no validation of the data. Councils are providing that data on an honour system, and until you actually can check that data, it is what they tell you. So it is a little bit of a problem that there is no oversight on that data.

**The DEPUTY CHAIR:** So some of it might have validation, in the sense of pets, for example. There are other measures – tell me if I am wrong –

**Dean HURLSTON:** Correct, and the council gets the ability to explain, you know, if their footpaths are costing a lot more than another, why. But it does not give the resident anywhere to go with that.

**The DEPUTY CHAIR:** Right. So it just gives that basic information, which is a valuable start?

**Dean HURLSTON:** Correct. It has to be something that is promoted and expanded and used. With technology and AI and the abilities that we already have, we know that councils can be much more transparent. If I can give one plug to a council, the City of Frankston is doing a transparency hub. It is only a couple of hundred thousand dollars. We would like to see it across all councils because it will take away the wall of information that everybody finds. It shows all decisions, it shows all contracts, all spending in real time in an open manner. You can click through and see them all. That is the level of transparency we would like to see.

**The DEPUTY CHAIR:** I am thankful for that, and I am just conscious that I have only got a couple of minutes here. But just to go back, a year ago or 18 months ago the government turned off new additions of information to that site so it is not up to date. Is that what you are saying?

**Dean HURLSTON:** Yes. That is correct, and we complained furiously. It has now been kind of turned back on, but it has not quite the functionality it had before.

**The DEPUTY CHAIR:** Kind of turned back on.

**Dean HURLSTON:** It is much more of an Excel database now than a web browser system.

**The DEPUTY CHAIR:** Yes, I noticed the difference. It is just tables, really, is it?

**Dean HURLSTON:** It is great for us, because we can use it. But for the average person it is quite difficult to navigate.

**The DEPUTY CHAIR:** And it is in bands of councils to try and –

**Dean HURLSTON:** It is.

**The DEPUTY CHAIR:** Which I think is fair enough.

**Dean HURLSTON:** It is fine. Yes.

**The DEPUTY CHAIR:** You would not want to put Grampians shire against Stonnington. It would not be –

**Dean HURLSTON:** No. Absolutely not. They are not like for like.

**The DEPUTY CHAIR:** They are not like for like.

**Dean HURLSTON:** Correct.

**The DEPUTY CHAIR:** Are there items that you would add to that?

**Dean HURLSTON:** What we would like to see is much more prescriptive effort around capital works spend. What a lot of residents find really hard to figure out, even when they are looking at budgets and annual reports, is: what did you spend on footpaths? What did you spend on roads? As a total, not what the cost was per kilometre or per metre. What did the council actually spend?

**The DEPUTY CHAIR:** Although that would be interesting.

**Dean HURLSTON:** Of course it is interesting, because it tells us whether we are spending too much on them or not enough. But the issue is: what is the aggregate total? Because people do get horrified. We get lots of complaints around, ‘What do you mean? They’re only spending \$1 million on footpaths out of a \$200 million budget?’ Well, that is actually a lot. They have put it up to three times last year’s. That is the kind of stuff that people get shocked by.

**The DEPUTY CHAIR:** I am conscious I have only got a bit of time. The auditor also does quite a lot of reporting on local government to the Auditor-General. He does basic financial reporting. Is there other work that he should do that we could recommend in terms of –

**Dean HURLSTON:** We would like to see around spending, particularly if the amount is over \$25 million, which is a significant capital investment, or a percentage of council’s balance sheet – you know, their income – much more probity around the definition of community benefit and return on investment. What we keep seeing with council projects is no return on investment or a stated return on investment, and then it is costing \$2 million a year that was never anticipated. They never deliver the return that they say they will.

**The DEPUTY CHAIR:** All right. My time has expired. I am going to start with Beverley, next.

**Bev McARTHUR:** Thank you, Chair. Thank you, Dean, very much. That was enlightening, because all we have heard from the others is, ‘Yes, I couldn’t tell you. I don’t know,’ et cetera, ‘but we need more money.’ I am interested in your view about the rate capping, the CPI as it affects it, but also, if you look at the rate in the dollar which you have mentioned, in rural and regional areas they are paying a significantly greater rate in the dollar compared to inner urban areas. Is that just and fair, and why should citizens of Victoria be paying a different tax rate compared to one another just because of geography?

**Dean HURLSTON:** We really do feel for people in regional areas. What we would like to see is much more investment from the state government into alleviating the back-of-house costs, as I said before. We want to see a way that can actually take the pressure off the rate in the dollar that is happening, and I think regional councils really need that support. They just do not have the resources. When we get to metropolitan councils, we see staff levels of 1000, 1500, 2000, and they are complaining with a surplus of \$30 million or \$40 million, ‘Oh, we just can’t afford everything.’ Of course you cannot afford everything, because you cannot be everything to everyone, but we would like to see more equity for regions. We would like to see them treated with a little more respect than they currently are. Then the other question you had –

**Bev McARTHUR:** And their ratepayers treated fairly compared to metropolitan ratepayers.

**Dean HURLSTON:** Absolutely, because what is happening in the regions is they are not getting even the basic asset renewal –

**Bev McARTHUR:** And they are paying a whole lot more in rates.

**Dean HURLSTON:** Correct, paying significantly more than some of the metropolitan areas and getting nothing or very little. The issue that we have around rate capping is that the industry has constantly manoeuvred around what the intention of rate capping was. It was designed to actually offset density and the loss of open space. As you grow, as you go up, as you get more, you actually get lower bills across the board because we are putting downward pressure by sharing the load. That was one of the key elements of rate capping. The very first thing that we actually did was we saw the industry get around rate capping by excluding new developments and new apartments. Now, regions do not have the ability to share that burden across the rate pool because they cannot grow like that, but some of the inner Melbourne targets that are being set will see a huge boon for councils in money.

**Bev McARTHUR:** Dean, also enormous compliance costs are put onto local government. They are imposed by state government, achieving what? We have looked at all these codes of conduct and mandatory training and whatever and yet we have had the most egregious cases of abuse of councillors, because of perhaps their ideological position, by other councillors. We are going to have more after the latest changes to the *Local Government Act* last week. What would you say to that?

**Dean HURLSTON:** Look, I think it was no secret to this committee – and I certainly do want to thank Sarah for her passionate work on this, and others on the committee – the standards that we are holding councillors to, while of course we need good behaviour, are not standards you subscribe to yourself, and I hold you in high esteem. If you will not subscribe to those standards, why are we imposing them on democratically elected councillors? We are not looking at the core root of what is going on in the councils, and it is actually an ideological fight. It is us seeing councillors trying to take everyone in every direction, and that is what is causing the governance problem. We are not talking about staff; we are not talking about the politicisation of the executive. It happens in councils. People are human. What we keep seeing is millions of dollars in arbitration, in court cases, in people having to defend themselves because they have offended somebody. But you will not subscribe to those standards, so why should they?

**Bev McARTHUR:** Yes, fair enough. The other issue that is going to impact councils is the recognition and settlement agreements that are being imposed on local government with no consultation whatsoever with the municipalities that are going to have to roll these things out – negotiated just between the state government and the Indigenous groups. What do you say to that?

**Dean HURLSTON:** I would say there is an absolute injustice to the people of Victoria, who in many cases have paid and fought for these assets. Successive generations have built the assets of our councils through public money. Any attempt to take away land, buildings or anything that is a public asset must have the public's involvement and approval. There is nothing wrong with doing it so long as you have a mandate to do it, and I think the state is on rocky ground in just overriding the involvement of councils and local constituents.

**Bev McARTHUR:** These stakeholder groups I notice – oh, done by the bell.

**The DEPUTY CHAIR:** Sarah, you are next.

**Sarah MANSFIELD:** Thank you. Thank you for appearing today and for your presentation. I guess I am just curious. You said at the start that you represent residents and ratepayers across Victoria. I am just wanting to understand your membership model and how you can speak on behalf of all those residents.

**Dean HURLSTON:** We do not purport to speak on behalf of everyone, because otherwise we would need every resident in Victoria. We have around 17,000 members in the state of Victoria at the moment, and we have about 3000 in New South Wales and Queensland – that has happened in literally six weeks. So what we are seeing is an absolute drive, and most of that growth has happened in the last year. There is an absolute discontent in the industry. There is an absolute appetite in consumers to find someone who can actually help them navigate this system. With the greatest respect to many councillors, they are failing in their duties and they are not taking their community along, and the administrations of councils are hostile.

**Sarah MANSFIELD:** If that is the case, couldn't community members just vote for someone different next time if they were not happy with their councillor's performance?

**Dean HURLSTON:** Sure. There is an issue around the quality of candidates and getting the right people into those roles, but here are a couple of things. You do not have to declare what political party you are a member of in local government. You do not actually have to say much at all; you can say, 'Butterflies, rainbows and lollipops.' In state government and federal government you have much more prescriptive disclosures and requirements than you do as a candidate for local government. The issue too is that I think with three levels of government there is an inertia from people around: 'We're sick to death of politics.' Every headline feels like it is about politics, and when they deal with their local councillor and get a hostile administration or are deflected by a political councillor who is not helping them, they give up. Councils, unlike state and federal, wear people down, and the problem we have with that is it disengages them from the process and it means they elect people because the name looks good. That is the problem.

**Sarah MANSFIELD:** I am not going to argue with you about declaring political affiliations.

**Dean HURLSTON:** The Greens do it really well. We love that.

**Sarah MANSFIELD:** I think the Greens have always been very transparent about our political affiliations in council. On that issue of political affiliation, how does Council Watch balance that, given that members of your committee, including you, might have had political affiliations – been a member of the Angry Victorians party?

**Dean HURLSTON:** Let me be really clear about my politics: I have volunteered for the Greens, I have been a member of the Angry Victorians, I have been an assistant to the Victorians Party, I have been a member of the Liberal Party and I have assisted every political party in Victoria. It is not one size fits all. At the end of the day – actually, in saying that, I grew up as a Labor member; I come from the western suburbs of Melbourne – I am pretty well rounded in that I do not take any prisoners. For any of you who have seen it, we often get accused of being Liberal favourites. You only have to read our socials from last week to know that is not the case.

**Sarah MANSFIELD:** Okay. Thank you. We have heard from a number of peak bodies today who made quite a strong case that councils reflect very diverse communities, that they all have very different needs and that they should retain the ability to determine what their communities need, what services they need. The *Local Government Act* requires that they consult with their communities to determine those things. Do you disagree with their view on that?

**Dean HURLSTON:** No, I do not disagree that the community should always be consulted, because of course what is needed in Corangamite is very different to what is needed in the City of Yarra – there is no doubt about that. But the funding is also very different in those municipalities, so what we actually need is some leadership from the sector. Instead of constantly whining that they cannot get enough money, they need to show some leadership around what they should all be doing, what they can do and what their communities might need as options. That can be done instead of having an open slather approach for everybody, because trust me, anyone who is running an organisation, if they can do it, they will do it and they will explore it. Sometimes we have to say, 'It's actually not something we can afford to do at this time.' Councils do not show that restraint. They try and go down every avenue.

**Sarah MANSFIELD:** Okay. Again, we heard from peak bodies and people who have quite deep understandings. It is sort of their –

**Dean HURLSTON:** Their thing, yes.

**Sarah MANSFIELD:** Their whole jobs and expertise are in the local government sector, and they are all saying that there are significant structural problems facing council finances. I guess you are saying that Council Watch are in a better position than them to assess that or that you are –

**Dean HURLSTON:** No, I think there are two elements to that, really quickly. It is very easy to say that when you are inside the tunnel and you have tunnel vision. We can all be guilty of tunnel vision. What we are



trying to provide is a consumer view of what it looks like as a person on the outside. That is where the balance is lost. Councils only see it their way, not how the community may see it and balance accordingly.

**Sarah MANSFIELD:** I think I am out of time.

**Dean HURLSTON:** Thanks.

**The DEPUTY CHAIR:** We will go to Moira. I am going to start now. You have got your 5 minutes with Dean, and we will come to Evan after that.

**Moira DEEMING:** Thank you. Thank you for your presentation. I thought it was fantastically detailed. I have got some questions as a former councillor about the development of community plans and consultations in general. One of the problems I had as a councillor was I apparently was not allowed to see the raw data, I was not allowed to see the definitions that were used, I was not allowed to see whether they used proportionate sampling, and I often found when I looked down into what detail I could get my hands on that the consultation process never included ordinary ratepayers. It only ever included organisations that were in some way conflicted in their interest by getting government funding or being reliant on government funding or council funding for the service. I found it extremely disappointing, and I just wanted to know since you obviously have a great range of knowledge if you have anything to share on those issues.

**Dean HURLSTON:** Yes, thank you so much. We do. We have been studying and we are about to release an investigative report into citizens juries and panels. We are in the moment across councils before the election. Officers are running around at the moment and convening these panels to try and work out what the community's priorities are for the next four years. The problem with that is all of our research and investigation from the council's own data shows that on average 30 to 40 people are making the final decisions for municipalities of 120,000, 300,000, 200,000 people. There is absolutely no way any statistician, scientist or mathematician would tell you that that is in any way deliberative or able to actually cover the diverse needs –

**The DEPUTY CHAIR:** A self-selecting group.

**Dean HURLSTON:** Absolutely. Now, that is a random selection I am talking about. First of all, even if it is a random selection, it cannot proportionally represent. So when you spoke before, Sarah, around representing the community, that is where we have the fundamental flaw. That is where the four-year plans are put in front of councillors who, let me be clear, if they are new are trying to figure out what the heck they are doing first of all. It will take them six months and they will have already passed the plan. They are relying on information that is put in front of them, in some cases by 30 or 40 people, to spend successive budgets of \$200 million, \$300 million, \$400 million, \$700 million each year across the sector. How can you make decisions based on that information? How can you make hundreds of millions of dollars of decisions on priorities and funding based on 30 people in the City of Wyndham? You cannot. It is not representative. So our real concern is that the system has been gamed. Not only that, we have also found that officers themselves will appoint 15 to 20 per cent of these panels from demographics they feel are under-represented. That skews the actual integrity of the data. The City of Yarra appointed 40 people to its panel and then appointed 15 Indigenous people to actually focus it on Indigenous issues. It did not just focus it on Indigenous issues, it meant that that was the only issue that 15 people on that panel were focused on. There is nothing wrong with involving them, but there is something wrong with skewing them.

We want to see much better transparency around the design of community plans and four-year asset plans and renewals and all of those things, so the community is heard. In fact we did a statewide survey and believe it or not, diversity, inclusion, climate change, LGBTQ were all at the bottom of the list of what Victorians wanted councils to spend their money on. It was not that they did not want them to focus on it, they just wanted them to prioritise footpaths, roads, rubbish, bins – all the things that we expect. When you see those results, Moira, that are 50 per cent and 45 per cent not satisfied with council, that must be in your thinking as a committee. You have got an industry with \$14 billion that cannot maintain 51 per cent satisfaction. That is not a structural problem, that is an ideological and a focus problem. Thanks. Anything else, Moira, sorry?

**Moira DEEMING:** No, I love that. I think that is fantastic. I think that a lot of councillors feel misled by the way that information is presented to them and the fact that it is not actually statistically very strong and that you get presented with themes and things and not the raw data. One of the things that I think is a problem with

allocating spending is misinformation or misrepresented information, so I am glad to hear that you are researching it. Thank you very much.

**Dean HURLSTON:** Thank you.

**The DEPUTY CHAIR:** Evan.

**Evan MULHOLLAND:** Thank you, Deputy Chair. I just want to talk about something you mentioned in regard to relief for people doing it tough. Cost of living is a big issue in my electorate. I know that the combined council areas of Hume, Casey and Wyndham collected about \$766 million in rates from owners in the last year and had almost \$100 million worth of rates in arrears. It seems to be that during a cost-of-living crisis rates are the one thing that people put aside first. How do you think councils are dealing with the cost-of-living crisis and people doing it tough, and what could they be doing better?

**Dean HURLSTON:** The reality is councils are in denial about what is really happening in some of the communities more than others. In the communities you mentioned there are people who cannot pay their rates, and no amount of deferral will fix that. What we constantly hear and what our research shows is that when people apply for hardship the only offer that councils give them is a deferral of time, not actual assistance. And then councils throw at them ‘Oh, but we won’t charge you any penalty interest.’ The Act does not legislate that penalty interest is ever mandatory. It is optional. Councils generally do not charge penalty interest. So it is a marketing ploy and a misdirection by councils to say, ‘We’re helping people in hardship.’ They are not. They are just deferring the cycle of payment. They are allowing more time.

Through COVID we saw horrific stories, which we brought to the media, of pensioners in their 80s and 90s having debt collectors sell up their homes or force them with eviction because they were in a lockdown and could not pay their rates. These people were absolutely socially disconnected, and councils got slammed by the Ombudsman for it. The Ombudsman released a report, if you might recall, saying that councils did not even know how to define hardship. They did not know how to actually deal with it, and they were not equipped to actually assess who was in hardship.

Having spoken to hundreds of people who have applied for hardship across the state, they feel like they are being interrogated and looked down upon by a council if they ask for a hundred dollars off. We must do better. We must allow financial counsellors who know what they are talking about to go to a council and say, ‘This person is in hardship. We need your help.’ Instead councils are a law unto themselves. That has to change.

**Evan MULHOLLAND:** Thanks for that detailed answer. It is certainly a very big issue out there. Just changing topic, what would be the sorts of services and responsibilities that you have seen that have been shifted from state government or federal government onto local government?

**Dean HURLSTON:** Well, we have seen obvious things that you would have heard from the industry around, you know, backyard pool inspections and things like that – lots of compliance measures et cetera. What we know is that those things do not just come out of thin air. You know, you actually need assistance and help and training and funding and staff to do it. But what we have not seen is an engagement from the state government with councils. We see that with kinder: it has been announced, but there is no plan. What we would like to see the state government do to be much more responsible and fair on ratepayers – who have to fund this or lose a service to do it – is a much wider conversation first. Councils are not the state’s useful idiot. Stop treating them like they are.

**Evan MULHOLLAND:** Thank you.

**Dean HURLSTON:** You are welcome.

**The DEPUTY CHAIR:** Have you got more questions, Evan?

**Evan MULHOLLAND:** I can.

**The DEPUTY CHAIR:** You have got about another minute and 15 seconds –

**Evan MULHOLLAND:** Yes. No worries. You mentioned your experience in lodging FOIs and seeking information on councils about waste and mismanagement. Are you finding that there are roadblocks or issues with councils coughing up information or documents being withheld unreasonably?

**Dean HURLSTON:** Absolutely. Thanks for asking that question. For those of you who do not know, I think I am possibly the most maligned person in FOI circles, with up to 2000 FOIs at a time, and this is because councils hide behind ‘We don’t want to tell you information.’ It would be far easier to just put that information out in public, and we would have it very quickly. We do find the process can take up to four months – to dispute an FOI and get basic information. One that we are working on at the moment is –

**The DEPUTY CHAIR:** The state government is much worse, I can tell you.

**Dean HURLSTON:** I can assure you we know, because we have been FOI-ing the minister for quite a while. One of the other issues that we have is that when we do get the FOIs there is the inconsistency of basic information and the understanding of what we have actually asked for, and we often have to go back. But one that I will just touch on: we are currently working through a statewide investigation of every corporate credit card statement for the months of January and February this year in every local council, and I can assure you what we are finding on those credit card statements does not reveal any funding problems in councils.

**The DEPUTY CHAIR:** All right. That is good. And if I could now – do you want to, Tom?

**Tom McINTOSH:** Yes, absolutely. I will just work my way through my splattering of notes here. I was interested in the 45 to 50 per cent satisfaction rate. What other governments have higher satisfaction rates than that?

**Dean HURLSTON:** I think what you are talking about is a political satisfaction rate at a state or federal level. This is not about political satisfaction. If you look at what is behind those questions, it is actually service-based outcomes: do you feel your council is delivering on roads, footpaths, drains, parks? That is a very different question to: do you like Labor or Liberal?

**Tom McINTOSH:** Yes, and how would state and federal governments –

**Dean HURLSTON:** I do not think they would do well. From time to time they might do really well; from time to time they might do really badly. There is a flux in that. The difference with this is it is mapped at the same time each year, it is done randomly and it is not politically based, because of course you do not know who the councillors are when you are asking these questions to actually have any political skew. Maybe it is not perfect, but it is the only thing we have got that actually measures community satisfaction.

One of the things we know is that council CEOs love to put these in the drawer. Well, where is their replacement? Mornington shire recently had really bad results, so what did they do? They pooh-poohed it and then said, ‘We’ll go do our own, but we won’t show the community.’ That is the problem we have in councils.

**Tom McINTOSH:** Just to the point of the political parties within, I think you said that you would want to see more declaration of –

**Dean HURLSTON:** Definitely.

**Tom McINTOSH:** Obviously there are a lot of people who are not, but at the same time, when I talk to councillors and councils – and maybe it is because I am more in regional and rural councils – there are not a lot of people who are affiliated to parties.

**Dean HURLSTON:** I would agree with you on that, in regional.

**Tom McINTOSH:** But I think at one point you said that you would also prefer to see less politics in local government.

**Dean HURLSTON:** A hundred per cent.

**Tom McINTOSH:** But affiliation rates –

**Dean HURLSTON:** We are happy with politics that is based on the contest of ideas for local ideas. What we do not want to see in local government is politicisation, and I will give the Greens an absolute plug. You know what they stand for. They are out there on the ballot telling everybody who they are. You know what you are voting for. I think what Victorians are sick to death of is finding out midway through a term that there is a political agenda of a candidate or a bunch of candidates that were voted into a local council who wanted people to focus on local issues only to find that they are actually really stooges for a political party or a political ideology that is running the council in a different direction or, with respect, they are absolutely ingratiated with their local member and doing their bidding, taking the council in the direction the member wants. That is what communities are sick of. They do not care what state and federal do; they want local issues solved in a local context. So what we would like to see is all political membership for the last 10 years declared on the ballot of every local candidate.

**Tom McINTOSH:** You said you have got 17,000 members. Can I ask if they are paid or unpaid?

**Dean HURLSTON:** A mix of both.

**Tom McINTOSH:** Okay.

**Dean HURLSTON:** And we have different structures of payment based on what they want.

**Tom McINTOSH:** So what percentage would be paid to formalise that membership?

**Dean HURLSTON:** Probably the majority are paid, because we rely on them also donating, and we now get significant donations, which we have not until now. So it is actually going well.

**Tom McINTOSH:** Yes, sure.

**Dean HURLSTON:** There is a belief in it.

**Tom McINTOSH:** You mentioned before, I think, personally a connection with multiple parties. Do you see your organisation as having any conflicts of interest with –

**Dean HURLSTON:** No. We have to talk to political parties. You are the people who make the decisions. We would be naive to think that we cannot talk to political parties. But in saying that, we will never be aligned with or do the bidding of a political party. What I might agree with the Greens on one week I may not agree with the Liberals on the next week.

**Tom McINTOSH:** I will have to find out what you came out against the Liberals on in the last week. That will be some good reading.

**Dean HURLSTON:** You can ask Mr Pesutto. Move on!

**Tom McINTOSH:** I will come back to something else in a second. You made a comment about FTE spend on bureaucracy. I think that was in whole dollar amounts. Did you have an FTE –

**The DEPUTY CHAIR:** It was numbers of FTEs, I think.

**Tom McINTOSH:** Yes, FTE increase.

**Dean HURLSTON:** We can provide that, absolutely.

**Tom McINTOSH:** Yes, because it was just in dollars, which perhaps does not –

**Dean HURLSTON:** Yes, there is always going to be some growth in dollars based on real-time wages growth and EBAs, but it is absolutely in EFTs as well.

**Tom McINTOSH:** Yes, sure. I also want to ask, noting it is a more regionally and rurally focused council I speak to: they have concerns that, say, there will be one councillor who they find basically throws a spanner in the whole works for everybody.

**Dean HURLSTON:** Combative.

**Tom McINTOSH:** So what is your view? I know you spoke against acting on –

**Dean HURLSTON:** The reforms, yes.

**Tom McINTOSH:** But what is your view on that? Because the majority of the councils I talk to, they say one person can just really –

**Dean HURLSTON:** Contrary to popular belief, whilst the city folk is a large focus of what we do, we also talk to regional councillors and regional people all the time, hence why we will stick up for them in funding all the time. With the issue that we have where there is one councillor misbehaving, there are adequate oversight agencies that we can skill – being the inspectorate – to investigate impartially and actually return some sort of outcome to that councillor group. Councillors can approach the inspectorate with full confidence and confidentiality. That is the way it should go.

With no disrespect meant to Minister Melissa Horne, no minister, no political party operative should ever have the ability to veto, sack or suspend a political opponent or councillor from their own party. It just does not pass the pub test. It is not personal, it is political.

**Tom McINTOSH:** I am out of time.

**The DEPUTY CHAIR:** Gaelle.

**Gaelle BROAD:** Thank you very much for your contribution to this inquiry. I am just interested: what does Council Watch consider to be the fundamental functions that councils should deliver? Can you provide a list?

**Dean HURLSTON:** It is great for me to say that – ‘What does it mean?’ The sorts of things we want to see are community services and health and wellbeing – things that are legislated in the health and wellbeing Act, things like health permits for restaurants and premises, liquor licensing and all the things that they actually have to do to ensure that society is run well, kept safe et cetera. Things like parks and gardens, open space – we know that open space has a direct correlation to mental health, yet councils are failing to actually prioritise it. They are sitting on a lot of money and not making the decisions. The state is having to do that at the moment with pocket parks. We want to see them do things like cleanliness and amenity. We want to see that the community is actually feeling like the suburb is kept clean and is free from dark spots that are not covered in CCTV at night-time for families et cetera. We want to see those core services championed and made great again, because what we are seeing at the moment is that they are apparently not sexy. They are boring, therefore they are not fun to deal with: ‘We’d rather write a policy that is groundbreaking.’ That is what people are really frustrated with. At Council Watch what we are saying is you can be all things if you want to but get them right first. Get those priorities and principles and get those satisfaction levels higher, and then you can do more. There’s a problem with that, but you must start somewhere and get it right first. So really they are those things around traffic, density and planning – all the stuff that we expect from councils traditionally.

**Gaelle BROAD:** Are you happy to provide a list on notice?

**Dean HURLSTON:** Absolutely we can, sure.

**Gaelle BROAD:** That would be helpful. Thank you. You said that you would like to see more equity for the regions and ratepayers currently not getting basic services. You said, ‘We support rural councils who are starved of funds, especially for roads.’ We make recommendations on this committee, but how do you think that could be fixed?

**Dean HURLSTON:** First of all, one of the things we see is that in small inner-city municipalities like, say, Yarra or Stonnington or Port Phillip, who have a much smaller road network, it is much easier for them to defer asset renewal expenditure and to push a couple of million dollars out of the roads and squeeze something else in. What we would like to see is, based on the relative size of the road network compared to the dollars that they bring in, a minimum that councils have to spend particularly on roads, because it is the most consistently complained-about issue across councils in Victoria. The state government cannot fund all roads; they do not control them all. But what we want to see is the state, when it is giving priority to funding, giving it to those regions where they have hundreds of kilometres of roads that they can barely do anything with. There has to be an understanding from the state that they need to support, first and foremost, the geographical areas that cannot,

based on population density, generate more income – they just cannot; they are constrained. Yet we have got all of this income and growth coming into our metropolitan councils, who are quite happy to defund roads and push the renewal down the line.

**The DEPUTY CHAIR:** Or fund humps and roundabouts.

**Dean HURLSTON:** Correct. If you do that, you should not get any grant funding and it should go straight off to the regions. There have got to be some consequences for failing to manage your own roads when you have the funding.

**Gaëlle BROAD:** Okay. I am just interested, if you could make a comment: we have heard a bit today about current funding with tied grants, and then we heard –

**Dean HURLSTON:** And untied.

**Gaëlle BROAD:** Yes. Rural Councils Victoria was talking about how councils should be a trusted partner in being able to deliver funds. What is your view on this, and is there benefit in more untied funding?

**Dean HURLSTON:** We would like to see a lot more tied funding, where there are requirements of the council to actually prove and deliver what they did with the money. One of the things that really disappoints us is that when you give an untied grant it could go anywhere – it could go to the actual item – but what that does is it allows councils to then say, ‘The money that we had sitting there for that item that we were going to prioritise we’ll now shift off into something else.’

**The DEPUTY CHAIR:** It is the pea and thimble trick.

**Dean HURLSTON:** Correct. And what that does is it does not deliver the asset renewals that we need in the metropolitan councils, because we have just now moved that money because we got a bucket over here. Council Watch would like to see much more prescriptive terms around outcomes in funding. But in saying that, we acknowledge that funding and grant applications are incredibly difficult, and we think the state should do much more to support particularly regional councils who do not have the resources. Why can’t there be a centralised function of state government that actually helps councils write the grant programs – at arm’s length from the deciders – so that they are actually getting some sense of ‘We actually have got some support in doing this’ rather than ‘We actually can’t attract the talent; we don’t know what to do’?

**Gaëlle BROAD:** I have heard about some regional councils saying, ‘Which hat do I wear? I’ve got 13 different roles.’ Can you talk to some of the challenges that rural councils face?

**Dean HURLSTON:** That rural councils face? First of all, there is not enough money, not enough skills, not enough ability. Of course with the decentralised working models of people working from home, that has helped some regional councils skill where they could not skill before. I think the problem that we have in regional councils is that one financial misstep of \$500,000, which can happen – we understand mistakes happen – can send a regional council down the gurgler. You only need to look at Hepburn shire, which is in a whole world of pain over a decision that wasted a few million dollars. That would not even bat an eyelid in a metropolitan council, which would move on to the next budget. So what we are really concerned about there is the significant impacts where small amounts can derail the whole council and they are running on fumes. What that means is that it gets worse, the asset renewal does not continue and what the community is then getting is substandard. The state government needs to step in when those things happen and fund those councils in an emergency situation.

**Gaëlle BROAD:** Thank you.

**The DEPUTY CHAIR:** I think we are basically near time.

**Bev McARTHUR:** Can I have one last question, Deputy Chair?

**The DEPUTY CHAIR:** Yes.

**Bev McARTHUR:** Dean, I know you have done a survey of what ratepayers, the consumers, are most interested in and you have touched on roads, footpaths, parks and gardens and so on, but I was interested that

you mentioned that the environment, climate change, quality and diversity were down at the bottom of the interests of your recipients. Yet we often hear that councils have got to be involved in running a climate action strategy, that they have got to be involved even in foreign affairs activity in Palestine or something. Why are these councils not representing their ratepayers?

**Dean HURLSTON:** Well, I think what they are doing is sending mixed messages to their ratepayers. What they are actually doing is saying, 'We can do all of the things that federal and state are failing to do in our opinion.' And I think that is where we have a problem. It is not the role of local government to tell other levels of government what they are failing at and pick up the slack. They just do not have the money. With \$14 billion out of the equivalent of a state budget of \$100 billion, you just do not have the money to deal with all of those things. It does not mean they cannot be supportive of the community. If we just talk about the war in Gaza, it is not the role of a local government, point blank, to take any side, but it is there to love people no matter what side they take. I think that we keep getting stuck in ideological trenches and we waste an inordinate amount of council time, and the public is tired of it. They are tired of it because they are saying, 'You can't fix my pothole, but you want us to take a position on X, Y, Z that's in another country that I already have my views on. I don't need yours.' I think what people want is councils to be responsible adults and actually focus on the things that make an impact to our lives locally, not try and solve the world's problems. They are not here for that.

**Bev McARTHUR:** Excellent. Thank you.

**The DEPUTY CHAIR:** Tom, you had one more?

**Tom McINTOSH:** All right, I have got 65 seconds. You just sparked my thinking with local government size. Amalgamations got rid of 130, I think. What is your position?

**Dean HURLSTON:** Our view is that there needs to be a lot of work done around whether amalgamations can deliver some cost efficiencies. What we have seen is it did initially, but then of course the bureaucracy decided to just grow itself. If you look at where those FTE headcounts have always been, they have been in the upper echelons. It is not the customer service staff; it is actually them doing the hard yards. They are great people. They deliver great services. It is the bureaucracy in the middle and the upper levels. What we need is that trimmed down so that we actually get more efficient delivery of services. There is a manager for every manager, for every contract, for every committee, for every manager. That is the culture that is wrong in councils, and we need to fix that.

**The DEPUTY CHAIR:** Can I thank you, Dean, for your contribution, and it is an unusual contribution. We want to hear more from you. We may well want you back at some point. I think there are a lot of areas that we have not explored with you, and it might be that committee members have got some that they want to put on the agenda in that way. I am conscious of small business groups – no-one has discussed those as yet – and the measurement of a lot of the points. But others will have other items that they want to add to the list.

**Bev McARTHUR:** Reconciliation action plans.

**Dean HURLSTON:** There is a state one. Let us leverage off that. It is not that difficult really.

**The DEPUTY CHAIR:** The things that you would want to add from a consumer perspective. All right. Thank you. The hearing is now closed.

**Committee adjourned.**