

Municipal Monitors appointed to Darebin City Council

Report to the Minister for Local Government

1. Background

1.1 Appointment

On 24 April 2024, the former Minister for Local Government, the Hon Melissa Horne MP (the former Minister), appointed us (June Anstee and Ross Millard), as Municipal Monitors to Darebin City Council pursuant to section 179(1) of the *Local Government Act 2020* (the Act) to monitor governance processes and practices. This appointment commenced on 29 April 2024 for a period of eight months until 31 December 2024.

We provided an interim report to the former Minister in late November 2024 and on 18 December 2024 our term of appointment was extended by the Minister for Local Government from 1 January 2025 until 30 June 2025. Our Terms of Reference for 2024 and 2025 are attached as Appendix A and Appendix B respectively.

Our appointment as Monitors to the Council was in response to governance concerns and councillor conduct issues undermining the operations and functions of the Council during the Council term 2020-2024. These concerns were raised with the former Minister in letters sent by two councillors during December 2023 and January 2024 respectively. Correspondence was also provided to the Minister by some community members concerning the dysfunctional conduct and culture and the disruptions to Council meeting procedures and processes.

The Mayor received a letter from the former Minister on the 26 February 2024. The Mayors' response to the former Minister on 7 March 2024, was signed by seven councillors. The Mayor addressed in the response the concerning and dysfunctional culture, and poor interactions between councillors and the impact on the well-being of councillors and staff. The seven councillors provided a commitment to work to improve the governance and conduct concerns and the disrespectful interactions between councillors.

Our Terms of Reference identified focus areas to be monitored and addressed in our report and included:

- Council policies, processes and practices related to the recruitment, appointment, and proposed employment conditions of an ongoing Chief Executive Officer and

the establishment of an effective working relationship between the new CEO and the Council

- Outstanding actions by the Council in relation to financial sustainability, IT and staff accommodation investment identified by the previous Monitor's final report and recommendations of 2 February 2023
- The relationships between councillors and Council staff, the Councillor Code of Conduct and the processes for resolving disputes between councillors
- Meeting procedures and decision-making processes and councillor adherence to the Governance Rules
- Health and safety processes and practices, including matters that maybe creating a serious risk to the health and safety of Councillors, Council staff or other persons
- Any other matter that may be affecting the Council's ability to effectively perform.

1.2 Context for the Darebin City Council

The City of Darebin is located in the northern suburbs of Melbourne and is bounded by Merri-bek in the West, Whittlesea in the North, Banyule in the East and Yarra in the South. The area is approximately 54 square kilometres comprising 13 mainly residential suburbs with a mix of retail and industrial businesses throughout the municipality.

The population is estimated to be 155,683 (ABS Estimated Resident Population 2023). Darebin municipality has a diverse multi-cultural population with 33.7% of residents being born overseas. The most common countries for overseas migration include:

- Italy (5.3%)
- Greece (3.7%)
- India (3.3%)
- China (3.2%)

Electoral structure and the Councillors

The Darebin City Council is subdivided into 9 Wards with a single councillor elected to each Ward. Prior to 2020 the Council was subdivided into three multi-divisional wards with 9 councillors elected across three Wards.

The outcome of the Victorian 2024 Local Government elections was that seven (7) new councillors were elected with two former councillors - Emily Dimitriadis and Gaetano Greco - returned.

Death of Councillor Gaetano Greco – April 2025

In late April 2025 many Council officers, staff, Councillors and many members of the community were shocked and saddened by news of the death of Gaetano Greco, who had been a long-serving councillor for the Darebin Council for in excess of 17 years.

Gaetano Greco is remembered for his passionate, active and dedicated representation of community interest groups and Darebin community members.

The by-election to fill the extraordinary vacancy in the North West Ward was scheduled for 1 August 2025. The final outcome of the by election will be advised by the Victorian Electoral Commission during August 2025.

The Councillors and their Wards pre and post the October 2024 Council elections

Council ward	2020-2024	2024-2028
1. West Ward	Cr Susanne Newton	Cr Connie Boglis
2. North Central Ward	Cr Julie Williams	Cr Vasilios Tsalkos
3. Central Ward	Cr Lina Messina	Cr Kristine Olaris
4. South Central Ward	Cr Susan Rennie	Cr Ruth Jelley
5. North West Ward	Cr Gaetano Greco	Cr Gaetano Greco (deceased April 2025) By-election scheduled for 1 August 2025)
6. South West Ward	Cr Trent McCarthy	Cr Alexandra Sangster
7. North East Ward	Cr Tim Laurence	Cr Matt Arturi
8. South Ward	Cr Tom Hannan	Cr Julie O'Brien
9. South East Ward	Cr Emily Dimitriadis	Cr Emily Dimitriadis

The Council workforce 2024-2025

The Council workforce current in June 2025, comprised 1257 personnel, 820 of these staff are appointed to full time positions with 437 staff classified as part-time. Fifty-four (54) multiple short- term contractors were engaged throughout the 2024-2025 year to undertake specific projects and to back-fill temporary absences by permanent staff.

At the time of our appointment the on-going Chief Executive Officer had been in place since October 2022 and was supported by an Executive leadership team comprised of 3 General Divisional Managers and one Acting General Manager.

Financial sustainability 2024-2030

The Council's financial position, like many Councils throughout Victoria, is impacted by the rates cap, ageing assets, depreciation costs, rising construction, maintenance, insurance costs and in-house service costs.

The financial report for the full year 2024-2025 is forecast to have revenue of \$215,347,000 and operating expenditure of \$211,480,000, providing a budget surplus of \$3,867,000. Capital works expenditure is forecast to be \$32,484,000.

In compliance with section 94(1) of the Act, the Council has adopted a four-year budget (financial outlook) for the 2025-2026 year and for each of the subsequent three (3) financial years. The adopted budget for the 2025-2026 year is less positive than the preceding year and is projected to have a smaller surplus than forecast for the 2024-2025 year. The Operating Revenue for 2025-2026 is estimated to be \$228,881,000 with Operating Expenditure of \$227,816,000 providing a surplus of \$1,065,000. Capital Expenditure for the period is budgeted to be \$38,447,000. A savings target of \$3.2 million is projected to be achieved during the 2025-2026 year.

Savings Targets 2025-2029

The focus of the Council's four-year budget (outlook) is to assist with the restoration of the long-term financial sustainability by implementing progressive annual savings targets and cost reduction initiatives for each of the four years from 2025-2026 until 2028-2029. Savings targets totalling \$9.7 million are projected to be reached by year four (2028-2029). The plan and details to achieve these savings and efficiencies has not been prepared or provided to the Audit and Risk Committee.

The financial forecast for each year from 2026-2027 until 2028-2029 is for the budgets to remain in deficit. The draft 10-year financial plan anticipates the Council will achieve a budget surplus by 2029-2030 and each of the subsequent years to 2034-2035.

**On 25 June 2025 the Audit and Risk Committee at its meeting received an update on the draft budget for 2025-2026 (incorporating the four- year financial budget(outlook), the draft 10-year Financial Plan and the 10 Year Revenue and Rating Plan).*

Background Context-Ministerial interventions (1996- December 2025)

Throughout much of its recent history (1996-2025) Darebin Council has been undermined by governance failures and frequent dysfunctional behaviour by a small number of councillors triggering external oversight.

Examples include:

- accusations of bullying and disrespectful conflict between councillors during Council meetings

- failure to respect the division between the operational role of the CEO (section 46 of the Act) and the strategic role of the councillor (section 28 of the Act)
- overriding and disregarding the Mayor's ruling during Council meetings
- disrespectful and repetitive questioning of managers and officers during Council meetings and councillor briefings creating a perception of distrust between councillors and staff
- failures to consistently declare conflicts of interest and observe the procedure provided by the Governance Rules adopted in compliance with the provisions of the Act
- failure to read all material, documents, reports and briefing papers prior to Council and Committee meetings resulting in poor decision-making practices and outcomes
- inadequate knowledge of the Governance Rules leading to councillor conflict and difficulties navigating and accurately applying the provisions during Council meetings
- the excessive overuse and misuse of Notices of Motions, and
- the failure during Council meetings and Briefing meetings to consistently minimise risks to staff well-being and safety.

This challenging and dysfunctional behaviour by a small number of councillors took place during the previous Council term 2020-2024, and specifically during the period July 2023-May 2024. The behaviour was described by some councillors and senior officers as 'entrenched culture' and mode of behaviour that causes disruptions to the orderly management of the Council agenda and frequently "appear(ed) like warfare".

The Ministerial Interventions made at Darebin City Council between 1996-2025 to address and modify some of these concerns included the appointment of a Commission of Inquiry, appointment of an Administrator, the suspension of the councillors, and more recently the appointment of a Monitor in 2014, and Inspectors of Municipal Administration in 2015, and Monitors between 2022-2025.

The exception to this lengthy period of interventions was between 2016-2020 when the Councillors and the organisation appeared to function smoothly without significant incidents, conflicts or disruptions. During 2017 -2022 the CEO, Ms Sue Wilkinson, remained in place for a 5-year term. A positive working relationship appeared to have been formed between the CEO and the Mayor until late 2021 and the Council remained relatively cohesive with a dominant and unified councillor faction during this period.

The CEO Ms Sue Wilkinson, resigned in early March 2022 and the dysfunctional conduct by a small number of councillors appeared to re-emerge and escalate from this time. A Monitor was appointed between April 2022 until January 2023 and a further two Monitors in April 2024-2025.

Further Context

Disruptive and unruly Council meetings (Ordinary Council meeting 18 December 2023; Special Council meetings 8 & 22 January 2024)

From a review of video recordings of the December 2023 and January 2024 Council meetings, and media statements, and discussions held with councillors and staff, it appeared a minority of the councillors frequently engaged in disrespectful and dysfunctional behaviour towards other councillors and the Mayor during meetings. Some councillors appeared to 'weaponise' provisions of the Governance Rules during meetings, such as overusing notices of motion (NOMs) provisions which disrupted the Chair and the orderly conduct of the business agenda. For example, the Council meeting of 18 December 2023 was unable to be completed with a significant amount of councillor time devoted to one controversial NOM titled "Ceasefire in Palestine", which included a resolution to fly the Palestinian flag above the Preston Town Hall, debated and adopted.

This was the first meeting chaired by the newly elected Mayor. The CEO was on leave and unable to be present, and an acting CEO was present during the meeting. The agenda to be debated was excessively lengthy with 23 items listed, 10 Council Business items and 13 NOMs. The agenda was not able to be completed in the time allocated for the meeting. The "Ceasefire in Palestine" NOM was controversial and generated significant scrutiny from the media, members of the public, and other persons that appeared to be affiliated with a group supporting the Palestinian cause. The Council meeting was interrupted by frequent interjections and interruptions from members of the public viewing the proceedings from the public gallery, by the behaviour of a small number of councillors, noted to be disrespectful towards the Mayor and other councillors and by the misuse of the Governance Rules relating to NOMs.

The behaviour of some councillors towards the Mayor appeared to be inconsistent with the provisions and standards provided by the Councillor Code of Conduct and the Governance principles and provisions of the Act to treat councillors and others with respect and to "acknowledge and support the role of the Mayor" (section 28 of the Act).

Some staff and councillors described the Council meeting as unruly, and 'the worst meeting they have ever experienced' and expressed concerns that they felt intimidated by the angry outbursts from community members in the public gallery. The interjections and heckling from the public and disruptions to the proceedings also created risks to the well-being and health and safety of staff in attendance. We were advised by the CEO that occupational health and safety incident notifications were submitted by staff in the days following this meeting. We also were advised of an incident involving staff outside the building immediately prior to the commencement of the Council meeting when members of the public yelled abuse towards a Council officer.

The behaviour that occurred prior to and during this Council meeting had extensive and immediate ramifications on the reputation of the Council and the health and well-being of staff members and other councillors.

An Acting Manager advised us of discussions that were held with community members following this meeting about their concerns with the Palestinian flag flying over the Town Hall and feeling unsafe in the community arising from the actions of councillors.

The dysfunctional conduct by the minority of the councillors noticeably began to reduce from late May 2024, soon after we commenced the monitoring role. The disparate factional councillor groups remained, but the Councillors appeared to be somewhat more collaborative and able to reach agreement on significant matters in a more respectful way during Council meetings.

1.3 Monitoring Activities

Former Councillors (2020-2024 term)

Throughout this report we have, where necessary, distinguished each Council term by reference to the “newly elected Councillors” (2024-2028 term) or the “former Councillors” (2020-2024 term).

From early May 2024 we met with the then CEO, Mr Peter Smith, and established a schedule of regular meetings to conduct enquiries into governance processes and procedures. Our discussions with the then CEO ceased in late July 2024 when he provided notice of his resignation and commenced a period of leave.

We continued our enquiries and discussions with each of the three General Managers and the Acting General Manager of Governance from the Executive Leadership team, and senior Managers and some senior staff members; we reviewed many of the organisational policies and protocol relevant to our Terms of Reference.

We met all former councillors and the former Mayor collectively during May 2024 to clarify our role and our Terms of Reference and to seek the Councillors views regarding governance concerns and suggestions for improvements. A letter was provided to each former councillor inviting them to participate in voluntary confidential discussions with us. All former councillors were receptive to the invitation and nominated dates for these discussions throughout May and June 2024.

The majority of these former councillors including the former Mayor welcomed the appointment and support from the Monitors and sought further discussions throughout the period May 2024 until the Council elections commenced in October 2024.

We met separately with the former Mayor, Ms Susanne Newton, and held regular discussions with her between May 2024 until the commencement of the election period. We provided support and suggestions regarding meeting procedure and implementation of the Governance Rules and management of unruly and disrespectful exchanges between some former councillors and disruptions by some community members during question time.

Policies and Procedures

We reviewed organisational policies, protocol and procedures and the Governance Rules relevant to our Terms of Reference. We discussed suggestions to improve and simplify some Governance Rules provisions with the Governance Manager and the Interim CEO.

Community complaints about the Council and former Councillors

We reviewed the complaints policies and procedures applicable to the management and assessment of all complaints made to the Council by the community that included:

- Community Complaints about a Councillor Policy adopted by Council resolution in 2023
- The Complaints Handling Policy incorporating the process and procedures to manage customer complaints including 'complex customer behaviour' adopted and updated by the Executive Leadership Team in 2020, 2023, 2024 and 2025
- The Policy to Manage Complex Customer Behaviour – adopted August 2024 by the Executive Leadership Team, and
- The procedures applicable to the Council's internal review of complaints decisions upon request by the Customer provided in the Complaints Handling Policy and the Complex Behaviour policy.

We noted that although three policies governed the customer complaints process only one had been adopted by a resolution of the Council.

Discussions were undertaken with the Acting Governance Manager and the interim CEO during 2024 and with the General Manager Customer and Corporate during 2025, that focused on the Complaints Handling Policy and the internal review process, Council procedures, the requirements of section 107 of the Act and the principles of procedural fairness. We formed the view that the Council process could be more aligned with the intention of the Act in relation to the internal review process of complaints decisions and the internal review of the decisions concerning 'Complex (unreasonable) Customer Behaviour.'

We considered a small number of community complaints made to the Council regarding the Council's decision-making and internal review process and procedures. Discussions took place with some community members who sought a meeting with the Monitors

concerning matters relevant to our terms of reference and the experience, concerns and impact on them of the Council's community complaints process and protocol.

Addressing community complaints does not routinely form part of the monitoring role however the circumstances of the matters raised with us appeared to create a potential risk to the well-being, health and safety of these community members and the relevant officers and staff members involved in the decision-making process and the internal review process.

Advisory Committees

Discussions were held separately with representatives appointed to the Advisory Committees including: the Chair of the Audit and Risk Committee (ARC) Ms Lisa Tripodi and the Independent Chair of the CEO Employment Matters and Remuneration Committee Mr Joe Carbone. We attended ARC meetings and meetings of the CEO Employment Matters and Remuneration Committee.

We reviewed relevant policies and other documents including the Charter of the ARC and the CEO Employment Matters and Remuneration policy and the CEO Employment Matters Charter.

Separate discussions were held with the Finance Manager and Managers to assist with our appreciation of the financial position of the Council and the Council's progress with the implementation of the proposals and recommendations made by the previous Darebin Monitor in the report to the Minister of Local Government of February 2023.

The Interim CEO Recruitment and appointment process August- September 2024

We held discussions with the former Mayor and the former CEO, concerning the recruitment of a temporary Independent Chair required by the terms of the CEO Employment Matters Charter to constitute a quorum to enable the CEO Employment Matters Committee to start the recruitment process. The Independent Chair was appointed by Special Council meeting on 5 September 2024. We oversaw the recruitment process for the appointment of the Interim CEO and observed the interview process. We provided assistance to the former Mayor, the Committee and some former councillors throughout the recruitment process and observed the final interview process. Mr Michael Tudball was appointed as the interim CEO by Council resolution on 16 September 2024 and commenced in the role 25 September 2024.

Discussions were held with the Interim CEO on a weekly basis from 25 September 2024 until 30 June 2025. Discussions initially focused on governance concerns including the community complaints procedures and policies, the need for a centralised streamlining and co-ordination and compliance process for all Council policies and related protocol.

Newly elected councillors (2024-2028 term)

We met all newly elected councillors collectively in November 2024 and discussed our role and terms of reference and provided information and suggestions concerning governance processes and policies, the role of a councillor and the development of positive and cohesive councillor working relationships. A further collective councillor discussion was conducted in March 2025 concerning the Governance Rules and the declaration of conflicts of interest.

We met and provided support at the request of five individual newly elected councillors on numerous matters and occasions between January 2025 to June 2025 to assist and clarify councillor responsibilities, councillor conflict resolution, mediation and dispute resolution processes. We held regular discussions with the newly elected Mayor, Cr Kristine Olaris, between January 2025–June 2025.

The Chief Executive Officer (CEO) Recruitment and appointment process January-April 2025

We oversaw the recruitment process for the appointment of the ongoing CEO, from January 2025 and provided advice to the newly elected councillors and the newly elected Mayor regarding the Council's process. We participated in discussions with the newly elected Mayor and the newly elected councillors and the Independent Chair of the CEO Employment Matters Committee, provided advice and suggestions in relation to essential leadership qualities and skills required for the long-term success of the on-going CEO, and we held discussions with the recruitment representative and observed the interview process.

Other Monitoring activities and attendances (29 April 2024 – 30 June 2025)

- Regular attendances at Council and Special Council meetings and most Councillor Briefings.
- Review of the recordings of Council meetings and Special Council meetings held during 2023 and prior to the appointment of Monitors
- A discussion with the former CEO of Darebin City Council and the current CEO of Yarra City Council, Ms Sue Wilkinson (2017 - 2022)
- Discussions with the previous Monitor, Mr John Watson, concerning proposals and recommendations outlined in the report provided to the Minister of Local Government, February 2023
- Meetings with the Interim CEO and Acting Governance Manager concerning content and suggestions regarding the development of the mandatory Induction Program
- Attendance at some mandatory Councillor Induction training sessions held in November 2024 including the Legal Governance session conducted by an external lawyer

- Provision of information sessions and discussions with former and newly elected Councillors during 2024-2025 concerning the CEO Recruitment process, the division between the Strategic Role of Councillors and the Operational Role of the CEO, and proposals to facilitate cohesive Councillor team work and communications
- Discussions with newly elected Councillors and the Acting Governance Manager concerning a proposal to provide additional team building and working relationships support by a series of workshops throughout 2025 to be facilitated by an external organisational psychologist. These sessions were in addition to the mandatory Induction sessions conducted in 2024.

2. Governance at the Council

From the commencement of our appointment (29 April 2024) we held discussions with the former Mayor, the former CEO, some former Councillors and some senior Officers and formed the view the organisation at that time collectively appeared unsettled.

There appeared to be diminished trust between officers and some former councillors. Staff and former councillors reported the negative impact experienced by them from the systemic, unruly and intimidating behaviour that had taken place during some Council and briefing meetings held between July 2023 until May 2024. Poor former councillor behaviour was reported to have commenced in the early stages of the 2020-2024 Council term. Some staff and some former councillors had become accustomed to experiencing disrespectful interactions and behaviour to the extent that it appeared to have become normalised and accepted as part of "the culture of Darebin."

This situation needs to be addressed as it has and will continue to impact upon many operations of the organisation, the officers and staff and the trust between some staff and the councillors.

The Model Councillor Code of Conduct introduced in October 2024 facilitates sound working relationships and supports respectful communications. The strengthening of positive respectful relations within the Council and between councillors and staff will ensure the new councillors and the Council have a solid framework to regain the trust between the officers, staff and the councillors and to restore the community trust in the Council.

The newly appointed Council, during the first eight months of their term, appear to be working cohesively and resolving issues within the councillor group. The councillors will benefit from the guidance of the new CEO to commence in July 2025.

Observations and findings in relation to our Terms of Reference

2.1 Chief Executive Officer (CEO) recruitment and appointment process

The appointment of a suitable and highly skilled ongoing CEO is pivotal to the success of the functions and operations of the CEO and the Council, and represents one of the most important decisions a Council can make.

Section 45 of the Act provides the framework for the Council to develop the CEO Employment and Remuneration Policy (the Policy) that must provide for:

- The Council to obtain independent professional advice in relation to the matters dealt with in the Policy
- The process to recruit and appoint the CEO
- The provisions to be included in the contract of employment
- Performance monitoring
- Annual reviews, and
- Include matters prescribed by the Regulations.

The Council adopted the CEO Employment and Remuneration policy (the Policy) on 15 December 2021 which has been regularly reviewed and amended, the most recent review and amendments being undertaken on 24 February 2025.

The Act further provides that the Council must have regard to relevant statements of wages policy issued by the Victorian Government, and any Determinations in relation to remuneration bands relevant to the CEO Employment and Remuneration Policy issued under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*.

CEO Advisory Committee to the Council

The Policy provides for the Council to establish a CEO Employment Matters Committee (the Committee) as an advisory Committee to the Council concerning the recruitment, appointment and terms of engagement of the CEO and the Interim CEO.

The purpose of the Committee is to make recommendations to the Council and to assist the Council with its CEO employment responsibilities and other relevant matters specified by Section 45 of the Act and the provisions of the Policy.

An independent Chair (the Chair) with substantial professional expertise in Human Relations and Local Government is to be appointed by the Council. The role of the Independent Chair underpins the recruitment process.

The Chair is responsible to provide guidance to the councillors concerning the merit-based selection and interview process and the necessary attributes to be satisfied by the successful candidate to successfully fulfil the CEO role.

Quorum requirements

The CEO Employment Matters Committee Charter (the Charter) provides that the quorum for the Committee to start the recruitment process for the CEO cannot be achieved until the Chair is present.

This sole reliance on the presence of one independent chair to satisfy the quorum requirement in our view is an impediment to the timely and prompt commencement of the CEO recruitment process.

We observed an example of the ramifications of this provision that delayed the commencement of the recruitment and appointment process for the Interim CEO during August 2024. The Chair was unavailable for an extended period at the time and at short notice, consequently the Committee quorum could not be achieved. To address this absence an additional recruitment and selection process was initiated to appoint a temporary Independent Chair with expertise in Human Relations and Local Government.

The process to recruit the on-going CEO or an Interim CEO must commence in a timely manner to facilitate the needs and on-going operations of the Council. The expertise and responsibilities to be provided by the Chair is essential to guide and provide assistance and support to the Councillors concerning the merit-based selection and appointment process.

To address the potential failure to achieve a quorum and to ensure the CEO recruitment process can commence when a CEO or Interim CEO is required by the Council we propose that the Council amend the Policy and the Charter to include the appointment of a second independent expert with Human Relations expertise to deputise for the Independent Chair and to constitute a Committee quorum should an unexpected absence occur. The second independent member will be available to assist the Council and the Independent Chair at all CEO Committee meetings and during the CEO recruitment and selection process.

Proposals to address this deficiency are contained in section 3 of this report as part of the recommendations to the Council.

Committee membership

The Terms of Reference for the CEO Employment and Remuneration Committee are provided by the Policy and the Charter. The Council by resolution in January 2025 decided to expand the membership of the CEO Employment Matters Committee, when there is a vacancy in the CEO position, to include all nine councillors. The Committee is responsible to undertake the merit-based selection and interview process of the applicants for the CEO position and report back to the Council with the preferred candidate.

The 2025 amendment to include the full Council to form the CEO interview panel varied the process adopted by the former Council in August 2024 to delegate the CEO recruitment and selection process to the Mayor, four councillors and the Independent Chair. The remaining councillors could attend the interview process as observers. This model was applied in September 2024 to interview and select the Interim CEO.

The CEO interview process (the on-going CEO and the Interim CEO)

We attended and observed both the 2024 and the 2025 selection and interview process for the Interim CEO and the on-going CEO respectively.

The former councillors in 2024 adopted by resolution an interview panel of three councillors, the Mayor and the temporary independent Chair. This process appeared to be a streamlined and an effective model. The former councillors appeared to be collectively focused on the merit-based selection process and the scoring of the merits of each candidate against the pre-determined criteria during each interview and sought the assistance and guidance from the temporary independent Chair and on occasions from us throughout the process.

The 2025 Council resolution established a more complex model, replacing the delegation responsibilities previously undertaken in 2024 by the Mayor and four councillors, with all nine councillors to attend and participate in the interviewing and selection process. Seven of these nine councillors had been recently elected and had no previous councillor experience or Council operational or Council management experience.

We noted that the merit-based selection and interview process to recruit the Council's ongoing CEO to be a challenging responsibility for newly elected and in-experienced councillors. The selection process to appoint the ongoing CEO was undertaken between January-April 2025 following the completion of the mandatory councillor induction and in-service program. The newly elected Councillors at this time had limited experience of the operational role of the CEO.

We had discussions with the recruitment representative, the councillors and the independent Chair with respect to the management of the panel interviews, the questioning process and the merit-based scoring to assess the candidates. We observed the interviews of the candidates, the selection process undertaken by the councillors and the panel discussions.

A comprehensive list of the candidates was prepared by the recruitment firm for the councillors to consider and select a short list of candidates for interview. We initially had concerns that the councillors in selecting the shortlist had under emphasised some key skills essential for success of the Council's CEO that included:

- financial and commercial skills
- the capacity to manage a large and complex service delivery organisation

- the capacity to re-engineer processes and the compliance framework of the organisation adopted in 2023
- the capacity and experience to oversee the restoration of the long-term financial sustainability of the Council, and
- to oversee the successful implementation of the digital technology strategy transformation (ERP).

The councillors considered these suggestions and an additional candidate was included for interview.

The recruitment process for the ongoing CEO commenced in late January 2025. All nine councillors participated in panel discussions and the process to interview the candidates. The participation of the councillors in the panel discussions and the interview process appeared to become informal leading to at times a loss of focus on the merit assessment process and assessment of the pre-determined key selection criteria. Given the large number of recently elected councillors participating in the final interview and the scoring and selection process, the situation was managed with the guidance of the recruitment representative and the assistance of the Chair.

The co-ordination and the focus of the questioning process could have been improved, with the Mayor and the Recruitment representative only being responsible for directing the questions to each candidate.

The appointment process was finalised on 17 April 2025 at a Special Council meeting with the adoption of the Committee's recommendation to appoint Ms Anne Howard (the former CEO of the Colac-Otway Shire Council) to the role of CEO of the Council.

We propose the Committee policy and the Charter be amended to support the appointment of a smaller interview panel to consist of the Mayor and four councillors together with the Independent Chair and one additional independent member with expertise in human relations and recruitment processes.

Proposals to improve the CEO selection and panel process are included in section 3 of this report as part of the recommendations to the Council.

Establishment of an effective working relationship between the CEO and the Council

Council term 2020-2024

Councillor Interaction Protocols

The Councillors rely on and require guidance, advice and support from the CEO and Council officers to undertake their role. The role of the CEO in relation to the councillors is to ensure information is provided to support the Mayor and the councillors in the fulfilment of their strategic decision-making role (section 46(1)(a) of the Act) and to manage the interactions between the members of the Council staff and the Councillors.

The 'Councillor Interaction Protocols' guide the interactions between members of Council staff and Councillors, and the CEO and Councillors. The Act also requires councillors to 'act in accordance with the standards of conduct' in all interactions with the CEO and officers. There was an apparent lack of trust between some former councillors affecting working relationships and limiting councillor collaboration at briefings and Council meetings. We observed there was a noticeable degree of mistrust by some former councillors towards officers during Councillor briefings and Council meetings.

We noted that a number of internal Councillor Conduct complaints had been lodged in the months preceding our appointment in early 2024, with the referral of a number of the complaints to the Principal Councillor Conduct Registrar. One Councillor had been suspended for a month by a decision of an Internal Arbiter for a breach of the conduct standards. Some former councillors made informal complaints to us about their colleagues and we discussed possible methods of resolving these issues informally.

Working relationships between former councillors and the former CEO (April-July 2024)

We observed that the trust between a small number of the former councillors and the former CEO was minimal and instances of disrespectful communications were reported to us that included actions and gestures by some former councillors towards the CEO and some Council officers. This alleged conduct was inconsistent with the behavioural standards and the governance principles and the then Councillor Code of Conduct.

It is important to record that only a small number of former councillors were reported to have engaged in disrespectful behaviour and we observed the majority of former councillors were respectful when interacting and communicating with Officers and the former CEO.

We held discussions with all former councillors individually regarding concerns and conduct alleged to have taken place between December 2023 to May 2024. Although the views and opinions of the former councillors differed regarding the reasons for the disrespectful communications and conflict, we considered that some of the concerns relating to improving respectful councillor interactions during meetings could be addressed through councillor discussions and workshops. These discussions continued with some former councillors until the commencement of the 2024 Council election period.

Working relationships between the newly elected councillors and the Interim CEO (October 2024–1 July 2025)

The newly elected Councillors formed a positive and respectful working relationship with the Interim CEO following the October 2024 elections. The Councillors relied on the guidance and support provided by the Interim CEO from the commencement of their term of office and throughout the mandatory induction process.

The newly elected councillors supported our suggestions to participate in a series of workshops during 2025 to develop and improve team building and conflict resolution skills to facilitate their strategic and other decision-making responsibilities required by section 28(1) of the Act.

From our observations the newly elected councillors working relationships and interactions with the Interim CEO appeared to be respectful and consistent with the standards of behaviour provided by the Model Councillor Code of Conduct. All newly elected councillors worked well with the Interim CEO and appeared to have established positive working relationships by the end of our term as Monitors on 30 June 2025.

We note that the ongoing CEO commenced at Darebin City Council on 2 July 2025.

2.2 Outstanding actions identified by the previous Municipal Monitors' report 2 February 2023

A focus area of our Terms of Reference was to monitor the outstanding actions by the Council to address some findings and recommendations made by the previous Monitor.

Three recommendations remained outstanding at the end of our term of appointment (30 June 2025). All three recommendations had reached the planning stage with implementation of the below proposals to commence during the 2025-2026 year:

(i) Restoration of the financial position of the Council to a sound long term and sustainable basis

The Council is faced with a number of financial and budgetary pressures. The Council has commenced planning to achieve projected targeted savings and efficiencies starting from the 2025-2026 financial year. The details of how these savings and efficiencies are to be achieved have not been released at this time or provided to the Audit and Risk Committee for consideration.

Budget deficits and annual savings targets

The adopted four-year budget (financial outlook) is forecast to operate with budget deficits for each of the three years commencing from year two (2026-2027) until 2028-2029. The underlying budget assumptions are to achieve financial efficiencies and annual savings each year commencing with savings of \$3.2 million during 2025-2026 and increasing to total annual savings of \$9.7 million by 2028-2029.

The draft 10-year financial plan forecasts the budget will reach a surplus by the 2029-2030 year and for each subsequent year until 2034-35.

We propose that the Council provide and publish six monthly progress reports until 2029-2030 of the targeted savings and efficiencies achieved and to be achieved from 2026 until 2029. These progress reports to be provided to the Audit and Risk Committee and to

be published for the information of the community in accordance with the transparency principles.

Achievement of budgeted savings targets

The achievement of the annual savings targets requires the direction and guidance of the Finance team and the Audit and Risk Advisory Committee to the Council. The success of the four-year adopted budget (financial outlook) is underpinned by the strategic decision-making activities of the Councillors and their focus on the financial sustainability principles.

The Act requires the Councillors when reaching decisions to focus on and *"give effect to the overarching governance principles"* (section 9(1)) and *"... to take into account the supporting financial principles"* (section 9(3)(d)) in the performance of their role to provide good governance *'for the benefit and well-being of the municipal community'*.

The principles require the councillors to give priority 'to achieving the best outcomes for the municipal community, including future generations' (section 9(2)(b)) and give effect to 'the ongoing viability of the Council' (section 9(2)(g) and s9(3)(d)).

As part of the process to restore the financial position of the Council to a long-term sustainable basis and to support better informed decision-making, additional measures should be adopted by the Council to include:

- a. More detailed and improved officer briefings to councillors concerning Council finances to include a "financial impact" briefing summary of the financial benefits and/or the financial detriment to the wider municipality of proposals under consideration. The briefing summary to also include the Officer recommendations concerning the financial impacts
- b. Service reviews to be undertaken of some in-house services provided by Council to identify efficiencies and savings. The service reviews to be provided to all councillors and the Audit and Risk Committee, and
- c. The Audit and Risk Committee be provided with six monthly updates of the restricted and unrestricted cash amounts and forecasts, with the mid-year update to be provided by mid-June of each year.

(ii) Priority investment to replace and upgrade ageing Information Computer Technology systems by the implementation of a Digital Technology strategy (ERP) to continue functioning into the future

The former Council resolved in 2024 to implement the long overdue transition to the Digital Technology Strategy (ERP). The cost of this project is substantial requiring expenditure of \$36.44 million staged over a five-year period from 2025-2026 until 2029-2030.

This significantly large investment is to be funded from Operating revenue and will impact the annual budgets until the implementation is finalised by 2029-2023. It is forecast that modest annual savings may be achieved following the final implementation of the Digital Technology Strategy (ERP). Details of these projected digital system efficiencies to be realised by the implementation of the Digital Strategy have not been provided at this stage.

The new system is expected to enhance cyber security and facilitate the co-ordination of each of the divisions including the creation of a centralised digital compliance and data storage system.

(iii) Fit for Purpose Staff Accommodation-investment to be prioritised

Discussions were held with the Buildings Property and Capital Manager (the Manager) responsible for the overall provision of accommodation for staff in the Preston Town Hall precincts at High Street and Gower streets.

The attributes of “fit for purpose accommodation” were identified by the Manager to include: adequate lighting, safe spaces, the provision of accessible spaces and disability access, clean and hygienic spaces, centralized heating and cooling including monitored air ventilation systems, sufficient desks and working spaces for employees.

The Manager undertook consultations with the staff to understand and assess the accommodation deficiencies and identify necessary improvements. The improvements identified included: upgrading meeting rooms and equipment; relocating some staff to newly centralised team areas to enhance workplace connectivity; new workspaces to be designed to be ergonomically suitable including some sit-to -stand desks; the provision of sufficient desks and working spaces for employees; lighting audits and monitoring of air-quality to be undertaken; and an external review to be undertaken during 2026-2027 with respect to the “future workplace” to identify improvements and budget allocations to support the recommendations and outcomes of the review.

The Council allocated funding to be invested progressively over a three-year period to implement the accommodation improvements. The preliminary implementation commenced during 2024-2025 with the proposals projected to be completed by 2027-2028.

Our views and recommendations about what is needed to address the outstanding actions (i)-(iii) above are provided in section 3 of this report as part of the recommendations to the Council.

2.3 Council decision-making processes and practices (2023-30 June 2025)

At the commencement of our appointment we attended Council meetings held on 29 April 2024 and during May 2024 and reviewed recordings of the Council meetings from July 2023 until March 2024.

Some concerning governance practices and former councillor behaviour was observed to disrupt the progress of the Council agenda leading to disrespectful conduct between former councillors and failures to observe the divide between the operational role of the CEO and the strategic role of the Councillors.

Since that time, many improvements have been achieved and more respectful interactions between former Councillors began to emerge from June 2024 consistent with the standards of behaviour contained in the Councillor Code of Conduct. The former Councillors' interactions during the Council meetings held between June-September 2024, in the lead up to the local government elections, appeared to be more collaborative and cohesive and interactions with Officers and the Acting CEO remained respectful and consistent with the Councillor Code of Conduct standards of behaviour.

Decision making procedures and practices (former and current councillors)

The Act empowers mayors and councillors to lead their councils. Local councils are representative bodies that are *"accountable, transparent, collaborative, efficient and engaged with their communities"* and *"have the functions and powers necessary to enable Councils to perform their role"* (section 4 of the Act).

The role of a Councillor is fundamentally to represent the interests of the entire local government district (municipality). All councillors upon election are bound by and required to implement the requirements of section 28 of the Act together with the overarching governance and supporting principles (section 9) and other provisions relevant to the role and responsibilities of the Council provided by the Act.

Council meetings and decision-making procedures

The purpose of a Council meeting is to reach decisions for the benefit of the whole community. The *"role of a Council is to provide good governance in its municipal district for the benefit and well-being of the municipal community"* (section 8 of the Act). Darebin Council meetings are conducted monthly with additional unscheduled (Special) Council meetings held as necessary, to manage urgent items or other business that could not be completed during the previous scheduled Council meeting.

The former Council conducted six additional unscheduled Council meetings between January-April 2024 to complete 12 unfinished agenda items from the Council meeting of December 2023.

The Governance Rules

Section 60 of the Act requires the Council to adopt a framework of rules to govern the procedures to be applied during Council and Committee meetings. The Council adopted the Governance Rules (the Rules) following the engagement of the community in 2020. The Rules were amended in August 2023 to include the election period policy.

Local Government Victoria is planning to introduce Model Governance Rules in December 2025. The Model Governance Rules will support the Council's meeting procedures, practices in its existing Rules. The Model Councillor Code of Conduct prescribed in the Local Government (Governance and Integrity) Regulations 2020 requires Councillors to adhere to the Council's Rules.

The Rules are comprehensive, and although complicated, are generally fit for purpose. Some provisions in our view, could be improved to facilitate the efficient management of the governance and decision-making processes during Council meetings. The Rules are currently under review by the Council with the community engagement process scheduled to commence in late July 2025.

As part of the review of the Rules we proposed some amendments to be considered by the Council to include:

- the removal of inconsistencies and ambiguities within the Rules
- reducing the length of the Rules
- amending the purpose of a Notice of Motion (NOM) to align with the meaning of the strategic role of a local councillor by section 28(1) of the Act and the Governance principles in sections 9(2)(b)(d) and (g) of the Act, and
- limiting the number of NOMs to be placed on each Council agenda to a maximum of two.

Governance Rules and Notices of Motion (NOMs)

The Governance Rules Overview provides that:

"A Notice of Motion is a useful way for a Councillor to raise an issue which does not require advice or a lot of consideration on an Agenda."

The NOMs debated during Council meetings between 2023-2025 in most cases required extensive debate and consideration and consumed significant amounts of Council time. Issues are frequently raised requiring further officer research, advice and reports.

The former Council between February 2023 to February 2024 added 58 NOMs at short notice onto the agenda of nine Council meetings in addition to the scheduled Council business items. The 58 NOMs comprised: 4 NOMs for the 27 February 2023 meeting; 6 NOMs for the 24 April 2023 meeting; 2 NOMs for the 26 June 2023 meeting; 2 NOMs for the 28 August 2023 meeting; 1 NOM for the 23 October 2023 meeting; 8 NOMs for the 23

November 2023 meeting; 13 NOMs for the 18 December 2023 meeting; 11 NOMs for the 8 January 2024 meeting; and 11 NOMs for the 1 February 2024 meeting.

The majority of these nine Council meetings were disrupted by conflict and disrespectful councillor behaviour, lengthy discussions together with multiple amendments proposed for consideration and discussion. Five of the nine meetings failed to complete the Council agenda with the unfinished matters transferred to the next scheduled Council meeting or to additional unscheduled Council meetings. Six unscheduled meetings were required in the three months following the December 2023 Council meeting to complete the unfinished agenda items.

The December 2023 Council meeting (see section 1.1 of this report) provides an example of extreme overuse of the NOMs provision with 13 NOMs including a contentious NOM related to international matters, listed for debate along with 10 other business agenda items. This agenda of 23 items contributed to conflict and dysfunctional behaviour by some former councillors, and posed risks to the health, safety and well-being of officers and staff. The agenda could not be completed in the time allocated under the Rules for the conduct of the meeting.

Notices of Motion (2024-2025)

The Interim CEO prepared guidelines in early 2025 to manage the NOM process and to assist the newly elected Councillors with the procedures to place NOMs on the Council agenda. We observed that the overuse of the NOM provision cannot be addressed without the co-operation of all councillors.

The maximum number of NOMs that can be placed on an agenda is not adequately addressed by the Rules. Recent history suggests this deficiency disrupts the orderly conduct of Council meetings, prevents councillors from fulfilling their obligations under the Act, places unnecessary pressure on the workload of officers and delays the orderly completion of reports and advice previously requested.

The addition of multiple NOMs to the Council agenda diverts the focus of councillors from their primary role, to participate in decision-making for the benefit of the whole community and "future generations". Many of the NOMs debated during Council meetings related to matters confined to a single member Ward, or related to matters of concern by a small community group or in at least one the matters was unrelated to the local government jurisdiction. A number of the NOMs were not urgent and called for officer reports and in our view could have reached the agenda through the usual administrative and councillor briefing process.

The success of the Rules is dependent on the Councillor's understanding of the application of the Rules. The complicated nature of the Rules and the apparent difficulties experienced by some councillors applying the correct Rule during the meeting process can disrupt and delay decision-making leading to councillor confusion and often

conflict. A strategic focus by all councillors ensures that the Council can plan for and meet the future needs of its “wider” municipality in an efficient and effective manner.

We propose the Rules be amended by Council to provide that:

- the purpose of a NOM, as provided by the Overview of the Rules, ***being matters that “do not require advice or a lot of consideration”***, be adopted to govern all NOM provisions
- the total number of NOMs that can be placed on the agenda of each Council meeting be limited to a maximum of two per Council meeting, and
- The NOMs should be used for exceptional purposes only.

We propose the Minister give consideration during the review and preparation of the Model Governance Rules to:

- Restricting the maximum number of NOMs to be placed on the Council agenda for each Council meeting to two (2), and
- Clarifying the purpose for the use of a NOM.

Conflict of interest declarations (s130 of the Act), Good Governance and the Model Councillor Code of Conduct

The Governance Rules provide the process to be followed by councillors to declare conflicts of interest and to ensure the Council considers and makes decisions fairly and on the merits.

The Council officers have prepared a checklist to assist the newly elected councillors with applying the provisions relating to the declaration of conflicts of interest. Both the former and current councillors were observed to regularly declare ***material conflicts of interest*** in compliance with their responsibilities of the Act (section 128), the Governance Rules and the standards provided by the Councillor Code of Conduct and the Model Councillor Code of Conduct.

However, the councillors appeared challenged by the application of the ***general conflict*** of interest provision (section 128 of the Act), and applying principles and practices to ensure unbiased democratic Council decision-making. The councillors were noted to have limited understanding of the application of this provision and the perception of a conflict of interest by the impartial fair-minded person.

We conducted a refresher workshop for the newly elected councillors in March 2025 to clarify some councillor responsibilities and processes including the councillors’ obligation and public duty to declare general conflicts of interest whenever an impartial, fair-minded person could perceive that the councillor’s private interests could conflict with their public duty to ensure bias-free decision-making processes.

All newly elected councillors attended this session and some sought follow up support prior to Council meetings to clarify and seek assistance in relation to the applicability of the concept of the 'impartial fair-minded person...' to their specific circumstances (section 127 of the Act).

To support this process the Council is encouraged to provide regular six-monthly updates and in-service training to the councillors to support the integrity provisions of the Model Councillor Code of Conduct, the application of section 127 of the Act and the test for a general conflict of interest.

The Council meeting agenda and accompanying reports and documents

From the commencement of our appointment (April 2024) the Council agenda items and the accompanying reports, documents and attachments were noted to be excessively lengthy. The agenda and attached reports regularly exceeded 400 pages and often were in excess of 700 pages. The current expectation is that councillors are to read all the agenda material prior to the commencement of each Council meeting or Briefing meeting.

The Model Councillor Code of Conduct and the standards of conduct require *"that a Councillor must do everything reasonably necessary to ensure that they perform the role of a Councillor effectively and responsibly" by "diligently using Council processes to become informed about matters which are subject to Council decisions"*.

Councillors generally are employed in other professions in a full-time capacity and manage community responsibilities and commitments in their part-time councillor role. Decision-making practices are undermined when councillors are not well informed of the issues.

Councillors have expressed to us that the volume of information is unmanageable and cannot be thoroughly read in the limited time available. We have proposed amendments to the current process and discussed these proposals with Councillors, the Interim CEO, and some General Managers.

To facilitate well informed discussions at Briefing meetings and well-informed decision-making during Council meetings we consider a review of the structure of the information included in the reports and the attachments to the agendas and presented to councillors is timely.

To improve the governance process and the quality of informed decision-making we suggest all the information required to be read and understood by councillors prior to each Briefing and Council meeting be condensed into an Executive summary of a maximum of 6 pages and include the Officers recommendations. The summary to include separate electronic links to each document, report and other relevant attachments. It is

recommended that each attachment be limited to a maximum of 15 pages unless exceptional circumstances exist to justify a longer document or report.

The Model Councillor Code of Conduct, Constructive Councillor working relationships, dispute resolution processes, team building and Councillor-only meetings

The former Councillors (2020-2024 term) were divided into a mix of different political factions and values. These differences appeared to contribute to instances of conflict, disrespectful and dysfunctional interactions and behaviour between some of the councillors. The resolution of disrespectful interactions and conflict was routinely managed through the internal arbitration process.

From discussions and interviews with several former councillors it seemed the preferred option to manage disrespectful interactions and conflict was to utilise the Internal Arbitration process in preference to internal dispute resolution processes.

We observed that the internal arbitration process is not always the best method for managing conflict and disputes between councillors because:

- It can be lengthy and the resolution of the complaints by this method can be slow, and
- It is not suited to rapidly resolving or responding to the frequency of the dysfunctional conduct and interactions experienced by the Councillors and Officers, for example, where this occurs on a weekly or monthly basis.

We observed that the former Councillors were not sufficiently confident to undertake in-house dispute resolution or mediation processes during the 2020-2024 term due to the additional conflict and tensions this process was perceived to create.

The 2024 amendments to the Local Government (Governance and Integrity) Regulations 2020 promote effective working relationships between councillors by encouraging the use of inhouse dispute resolution processes in the first instance to resolve conflict and other negative and disrespectful interactions by councillors. If the matter cannot be resolved councillors can apply for an independent arbiter to make a finding in relation to the alleged misconduct.

2024-2028 Council term

The recently elected councillors appear to be less divided and more cohesive than the former councillors. It is noted that a clear majority group assists to maintain cohesion within the group. The interactions between all councillors appears respectful and the disputes at this early stage in the 2024-2028 term are minimal compared to the previous Council term. Tensions between councillors that have recently arisen have been managed by utilising the Council's process for internal dispute resolution and mediation. Within the first eight months of the current Council term, and at the conclusion of the

monitoring period, to our knowledge no formal misconduct complaints or applications had been filed to commence the Internal Arbitration Process.

Team building and constructive councillor working relationships and training

The development of effective working relations between the councillors is the foundation to maintaining a focused, cohesive and functioning Council able to manage conflict and misunderstandings within the group.

During discussions held with the newly elected councillors in November 2024 we proposed an early focus on these skills to ensure long-term cohesion of the councillor team. A series of ongoing team building workshops throughout 2025 was proposed to be facilitated by an expert organisational psychologist.

This process was proposed in addition to the team building sessions conducted as part of the mandatory councillor induction program. The Councillors collectively supported this proposal and an independent organisational psychologist was engaged to facilitate the workshops and to assist with the development of a councillor framework for conflict resolution. The first of these workshops was conducted in June 2025. Although it is important for all councillors to consider, question and robustly debate Council matters it is also necessary to maintain councillor cohesion by respectful discourse and interactions during this process.

Role of the Councillor (section 28 of the Act)

Councillors are responsible for developing strategies for future generations and the municipality.

A strategic focus on the financial sustainability and management principles ensures that the Council can realise future plans. Councillors are entrusted by the community to make decisions for the community as a whole and to oversee the financial stewardship of the Council.

The role of Councillors is separate to Council operations managed by the CEO. The Act (section 28(3) of the Act) requires that Councillors observe the separation of these obligations.

The role of a Councillor formed part of the mandatory councillor induction training and all newly elected councillors have worked towards respecting the separation of the roles. During an early Council meeting in 2025 we observed an incident concerning unnecessary questioning of a Council officer regarding technical methods applied to a survey process conducted by the staff.

Support was provided to a small number of newly elected councillors following this meeting regarding the separation of the roles by section 28(3) of the Act and the functions of the CEO by section 46((1)(b) of the Act. These provisions were discussed with

some councillors to ensure they understood that regardless of their personal professional experience and expertise, they are not permitted to undermine the professionalism of officers by conducting an interrogation process during Council meetings. The newly elected councillors at the time were attending their third Council meeting and appeared to not appreciate the separation of the role of the councillor and the operational role of the officers and the administration.

Councillor Only meetings

The Mayor is required by section 18(1)(e) and (f) of the Act to 'assist Councillors to understand their role' and to 'promote behaviour among councillors that is consistent with the Model Councillor Code of Conduct'.

The former Mayor and a number of former councillors during 2024 felt compelled to cancel the Councillor Only meetings due to concerns that details of discussions and information shared during these meetings and considered confidential by the councillors, was being shared with third parties and appearing on social media.

Councillor only meetings provide an important confidential forum for all councillors to debrief, reflect upon and discuss matters and interactions and issues arising from the previous Council meeting or Councillor briefing meetings.

We held discussions with the newly elected Mayor and some newly elected Councillors to encourage the reinstatement of the Councillor Only meetings on a regular monthly schedule to facilitate and support the constructive working relationships and interactions between all nine newly elected councillors. We propose that this forum continue at least monthly with all councillors in attendance.

Mandatory councillor induction

A comprehensive councillor induction program was developed by the Executive Leadership team, Managers and the Interim CEO. We provided suggestions to the Interim CEO and Acting Governance General Manager on aspects of the Councillor Induction program during its development.

The mandatory councillor induction program extended over five days during November 2024 and was designed to provide the newly elected Councillors with the tools and framework to undertake their decision-making role and community representation responsibilities in compliance with the provisions of the Act and the Model Councillor Code of Conduct.

We attended some induction sessions and workshops including Legal Governance and meeting procedures provided by an external lawyer.

2.4 Occupational Health and Safety

The Council has a well-developed Councillor Occupational Health and Safety Policy and a Staff Occupational Health and Safety Policy. These policies are regularly reviewed.

From the commencement of our appointment we were briefed by Officers, the former CEO and the former Mayor regarding the safety risks and incident reports filed by staff and officers following the December 2023 Council meeting. The staff present at this meeting or observing from an adjoining room felt threatened and intimidated by the behaviour of members of the public and a small number of former councillors.

In response to these incidents the former CEO implemented additional Occupational Health and Safety protocol and risk strategies to be reviewed by officers and staff prior to the commencement of each Council meeting and to further support the well-being and safety of officers and staff required to attend the Council meetings.

Although the Council meetings conducted throughout 2024 were in the most part conducted without risks to the safety or well-being of attendees, we noticed that some staff and officers in the lead up to each Council meeting appeared apprehensive and unsettled.

2.5 Other matters affecting Council's ability to effectively perform

Council Policies

The Council between 2020-2024 appeared to have adopted a large number of staff and Councillor policies (approximately 119). The majority of the policies concerned operational matters and were adopted by the Executive Leadership team. Less than one third of the policies were adopted by the Council decision-making process and related to the strategic role of councillors.

The centralised indexation and compliance system appeared from our observations to be under-developed and not appropriate to efficiently locate, manage, record and review the large volume of policies adopted and amended during the previous five years. These deficiencies were discussed with the Interim CEO and a review of the policy indexation, management and compliance system was in progress at the conclusion of his term of appointment on 1 July 2025.

The Community Complaints handling policy and process

Section 107 of the Act provides that the Council 'must develop and maintain a complaints policy that includes:

- a process for dealing with complaints made to Council
- a process for reviewing any action, decision or service in respect of which the complaint is made; and
- the prescribed processes for internal review of complaints made to a Council.

The Act (section 107(2)) further provides that the internal review of decisions about customer complaints undertaken by the Council must provide for a 'review that is independent of the person that took the action, that is independent of the person that made the decision and is independent of the person who provided the service'.

The Council has a Community complaints process in place to assess and determine the merits of community complaints and undertake decision reviews upon request by a community member. The Council policy and the operational procedures for community complaints include:

- The 'Community Complaints about a Councillor Policy', adopted by the Council in 2023
- The 'Complaints Handling Policy' (the Policy) adopted by the Executive Leadership Team, effective since 2020 and reviewed in December 2024 and May 2025. The Policy includes a protocol to manage and make decisions about 'complex (and unreasonable) customer behaviour.' Until December 2024, complex customer behaviour was described by the Policy to be *"any behaviour officers find challenging to manage and unreasonable in nature"*. This description was widened in scope in December 2024 to include behaviour that raises 'substantial health, safety, resource or equity issues for our organisation, our staff, other service users or the complainant themselves'.
- Protocol and procedures to manage Complex Customer Behaviour adopted July 2024, and
- The 'Complex Customer Behaviour Policy', developed and adopted by the Council's Executive Leadership Team in August 2024.

Although the above three policies concern the management of all Council complaints made to the Council including complaints made about councillors and the related procedures for the management of these complaints only two policies are publicly available on the Council website. We consider that the Act by (section 106 and 107) and the transparency principles support that all three policies be published on the website and be adopted by a resolution of the Council.

A decision made to deem the behaviour of the Customer "complex or unreasonable" results in sanctions to limit contact with the Council officers and staff and can lead to a denial of access to some Council services during the period of the restrictions.

Internal Review of decisions about customer complaints

The Customer, if dissatisfied with the outcome of their complaint, can request an 'independent internal review of the decision or action' to be undertaken by the Council.

We held discussions with the Interim CEO and the acting General Manager of Governance during 2024 concerning measures to improve the independence and fairness of the internal review process.

The Council's Internal review process

The Council's Executive Leadership Team amended the Complaints Handling Policy (the Policy) and procedures for the internal review of a complaints decision in May 2025. The new policy became effective in June 2025.

The system in place until June 2025 for the internal review of Council's complaints decisions was undertaken in accordance with the Complaints Handling policy adopted in December 2024. The 2024 Policy and the associated Complex Behaviour Policy (adopted August 2024) established procedures to review the complaints decision made by the Council. These procedures included a panel of three officers to independently review the original complaints decision.

We proposed in discussions held in 2024 and 2025 that the independence of the review process for all complaints including the associated decisions concerning Complex Behaviour could have been more closely aligned with the process as provided by section 107(2) of the Act.

In our view as discussed with the Interim CEO and the Governance Manager, that any Manager, General Manager or any officer overseeing the Customer resolutions division or participating in the original decision-making process should exclude themselves from the internal review process and discussions. This same review process should also be applied to the review of decisions to declare the behaviour of a customer, "Complex or Unreasonable."

Decisions to deem the behaviour of a customer to be "Complex or unreasonable" can lead to restrictions being placed on the customer to limit or prevent communications with Council officers and staff and to restrict access to some Council services. In these circumstances and as the rights of the customer are impacted by the Council decision-making processes the Council is encouraged to ensure the internal review process be conducted promptly, transparently, and independently from the original decision-maker/s including any manager or officer that oversaw the decision-making process or participated in relevant discussions.

Arising from discussions with the Interim CEO and the Acting Governance General Manager throughout 2024, amendments and improvements were implemented by officers to the Complaints handling policy and the internal review process. However at the conclusion of our term of appointment some concerns with the independence of the Council's internal review process remained.

The intent of the provisions of the Act and the Ombudsman's guidance on complaints handling is that any person who participated in discussions with or provided guidance to the original decision-maker should not participate as a member of the panel to conduct the internal review process.

We propose that the Council further review the internal review procedures, the Complaints Handling policy and the Complex Customer Behaviour policy to align the policies and the internal review process with the service performance principles (section 106(2)(e)) of the Act, the principles of procedural fairness and the independent review process provided by (section 107(2)(a) – (c) of the Act.

The Council is encouraged to re-establish an internal independent review panel of senior officers or managers from a division separate to the Customer resolutions team, and who have not participated in discussions relating to the original decision/s under review.

Leadership changes (the Mayor and Chief Executive Officer)

From March 2022 until July 2025, the Council experienced low retention rates for the position of the on-going Chief Executive Officer (CEO). A total of nine CEOs were employed or appointed by the Council between 2022-2025 including two on-going CEOs, two Interim CEOs and five Acting CEOs.

Throughout this period of fluctuating changes to the operational leadership, the Councillors also adopted the practice of appointing a different Mayor annually between October 2021 to October 2024, resulting in four different Mayors appointed during the 2020-2024 Council term.

Section 26(3) of the Act permits councillors to elect the Mayor either annually or every two years. The Act by section 27A requires that each new appointee must undertake compulsory Mayoral training within one month of their appointment. The Act (section 27A(5)) also requires that the CEO 'provide reasonable assistance' to enable the Mayor to access the training.

In addition to the mandatory Mayoral training required to be completed within one month of the Mayoral election, the CEO and General Managers provide an induction and orientation process for newly elected Mayors that occurs across the 3-6 months after the Mayoral election.

The need to support the orientation and induction of each newly elected Mayor combined with the frequent operational leadership changes in the position of the CEO between March 2022 to July 2025 imposed additional pressure on the Officers, staff and the Acting and Interim CEOs.

It is recommended the Councillors consider any operational difficulties and CEO leadership vacancies and the potential impact to be placed on the organisation when deciding to appoint a different Mayor annually rather than every two years.

During the 2016–2020 Council term, the Council experienced relative longevity with the CEO and Mayoral leadership. During this period, it is noteworthy that the Council retained the same CEO for a five-year term and, elected only two different Mayors during the 4-year term.

3. Recommendations for the Council

The recommendations for the Council are directed towards improving governance processes and practices for matters referred to in our 2024 and 2025 terms of reference (Appendices A and B respectively).

We recommend the Council develops and regularly reports publicly on its progress to implement an Action Plan incorporating the following improvements:

CEO Recruitment process and policy

1. The Council should amend the CEO Employment and Remuneration Policy and the Charter to provide for:

- Councillor membership of the CEO Employment and Remuneration Committee for all matters to be the Mayor and a maximum of four other councillors appointed by Council resolution
- The CEO Employment and Remuneration Committee conducts candidate interviews, with the remaining councillors able to participate as observers only
- The CEO Employment and Remuneration Committee includes two (rather than one) independent expert member, with expertise in the management of Human Relations and Local Government, appointed by the Council, and
- The CEO Employment and Remuneration Committee continues to provide a report and recommendations for selected candidate/s to the Council for consideration and adoption by resolution.

Financial sustainability

2. The Council should undertake Service Reviews of some Council in-house services to identify efficiencies and savings.

3. More detailed and improved financial briefings be provided to councillors concerning the proposals under consideration together with a “financial impact” summary to include details of the projected financial benefits and detriment to the municipality.

Outstanding actions identified by the previous Municipal Monitors’ report (2 February 2023)

Restoration of the financial position of the Council to a long-term sustainable basis

4. The Council provide six-monthly updates until 2029-2030 to the Audit and Risk Committee and the community on the Council's progress to achieve the annual savings and efficiency targets underpinning the four-year budget that includes \$3.2 million during 2025-2026 increasing to \$9.7 million by 2028-2029.

5. The Council provide six-monthly updates to the Audit and Risk Committee and the community on the progress of the implementation of the ERP digital strategy solution until final completion (2029-2030).

6. The Council provide annual updates to the Audit and Risk Committee and the community of the progress and implementation of "fit for purpose" staff accommodation in the Preston Town Hall and Gower Street precincts.

Councillor conduct and relationships

7. The Councillors continue to participate in the remaining two team building councillor 'Working Together Workshops' throughout 2025.

8. The Mayor and the Councillors continue to hold Councillor only meetings on a regular monthly schedule in addition to holding the CEO and councillor meetings.

Council meetings and decision-making

Notices of Motion (NOMs)

9. All Councillors should limit their use of NOMs, especially where the NOM addresses issues inconsistent with the role of the Council or may cause disruptions to Council meetings.

10. The Council's Governance Rules should be amended to limit the number of NOMs per Council meeting to a maximum of two.

Conflict of Interest Declarations

11. The Council provide regular six-monthly in-service training sessions to all Councillors to support their understanding and application of declarations of a general conflict of interest as defined by section 127 of the Act.

Council agenda and reports

12. The format and length of the Council agenda and documents should be restructured and the length of all material reduced to improve the quality of decision-making by the provision of:

(i) a detailed Executive summary of Officer reports of no more than 6 pages including the officer recommendations, and

(ii) All other relevant information (including the detailed Officer report and other attachments) be available electronically by separate links for councillors to easily access each separate document and/or other reference material.

Complaints Handling and the internal review process

13. The Council amend the 2025 Complaints Handling Policy and the 2024 Complex Behaviour Policy to establish a panel to undertake independent internal reviews of complaints decisions requested by the customer, including reviews of decisions made to implement contact restrictions and other limitations with respect to a customer.

14. With respect to the Council's internal review process for complaints, the Council ensure that:

- The Independent panel's internal review process is aligned with section 107(2) of the Act
- The independent panel is comprised of senior Managers or officers from a division separate to the Complaints and Customer Resolutions division and who did not participate in the original decision-making process
- The Customer be permitted to submit any additional written information to the independent review panel for its consideration, and
- The internal review of Complex Customer Behaviour decisions be undertaken by the independent review panel before contact restrictions or other service limitations are implemented with respect to the customer.

15. The Council ensures that its Complaints Handling policies be developed and maintained in accordance with section 107 of the Act and adopted by a Council resolution.

Council Leadership roles

16. During periods of high turnover of operational leadership (such as the CEO or members of the Executive Leadership Team), the councillors give consideration to electing a Mayor for a two-year term.

4. Recommendations for the consideration of the Minister for Local Government

17. The Minister give consideration in the development of the proposed Model Governance Rules to limit the number of Notice of Motions to be placed on the agenda of each Council meeting to a maximum of two per meeting.

Acknowledgement

We wish to thank the Councillors and the Mayors from the former and current Council terms, the former CEO and the Interim CEO, the Executive leadership team, Managers

and staff, for their co-operation, guidance and insights, and their constructive suggestions for governance improvements to the decision-making process and the outcomes for the community.

We also wish to acknowledge the valuable time spent by the Interim CEO who met almost weekly with us between September 2024 to June 2025 to discuss issues and to progress some of our suggestions and proposals for governance improvements.

In our view, the Council's current councillors are well-placed to reset the Council and to implement and improve some governance practices and to restore the community trust in the Council.

June Anstee

Municipal Monitor

30 June 2025

Ross Millard

Municipal Monitor

30 June 2025

Appendix A: Terms of Reference of Appointment of the Municipal Monitors to Darebin City Council appointed under section 179 of the *Local Government Act 2020 (2024)*

Without limiting the Municipal Monitors' functions and powers under sections 180 and 181, respectively, of the Act, the Municipal Monitors are:

1. To monitor the governance processes and practices of the Council, with specific regard to the following matters –
 - a. any outstanding actions by the Council (including in relation to IT and staff accommodation investment) to address the findings and recommendations identified in the Municipal Monitor's Final Report – 2 February 2023;
 - b. the relationships between councillors and between councillors and Council staff, including councillor behaviour with respect to the Councillor Code of Conduct and processes for resolving disputes between councillors;
 - c. the Councillors' understanding and performance of their statutory roles and responsibilities, including in relation to confidentiality requirements;
 - d. the Council's meeting procedures and decision-making processes, including Council briefings and meetings, and councillor adherence to the Governance Rules;
 - e. the Council's processes and practices in relation to health and safety, including any matters that may be creating a serious risk to the health and safety of councillors, Council staff or other persons;
 - f. any support needed in the lead up to and following the elections in October 2024 to ensure good governance at the Council;
 - g. the adequacy of Council's community engagement policies, processes and practices; and
 - h. any other matters that may be affecting the Council's ability to effectively perform, including behaviour that may be preventing the Council from performing its functions.
2. To advise, and provide any relevant assistance and support, to the Council in relation to the improvement of the Council's governance processes and practices, with specific regard to the matters raised in clause 1.
3. To report to the Minister for Local Government, with respect to the matters in clause 1, on:

- a. any steps or actions taken by the Council to improve its governance and the effectiveness of those steps or actions; and
- b. any recommendations in relation to the exercise of any Ministerial power under the Act.

Appendix B: Terms of Reference of Appointment of the Municipal Monitors to Darebin City Council appointed under section 179 of the *Local Government Act 2020 (2025)*

Without limiting the Municipal Monitors' functions and powers under sections 180 and 181, respectively, of the Act, the Municipal Monitors are:

1. To monitor the governance processes and practices of Darebin City Council (the Council), with specific regard to the following matters –
 - a. the Council's policies, processes and practices related to the recruitment, appointment, and proposed employment conditions of an ongoing Chief Executive Officer, including but not limited to materials developed and advice used to inform the processes and practices of the Council's CEO Employment and Remuneration Committee;
 - b. the establishment of an effective working relationship between the ongoing Chief Executive Officer and the Council;
 - c. any outstanding actions by the Council to address the findings and recommendations identified in the Municipal Monitor's Final Report – 2 February 2023;
 - d. the relationships between councillors and between councillors and Council staff, including councillor behaviour with respect to the Councillor Code of Conduct and processes for resolving disputes between councillors;
 - e. the Councillors' understanding and performance of their statutory roles and responsibilities, including in relation to confidentiality requirements;
 - f. the Council's meeting procedures and decision-making processes, including Council briefings and meetings, and councillor adherence to the Governance Rules;
 - g. the Council's processes and practices in relation to health and safety, including any matters that may be creating a serious risk to the health and safety of councillors, Council staff or other persons;
 - h. any support needed following the elections in October 2024 to ensure good governance at the Council;
 - i. the adequacy of Council's community engagement policies, processes and practices; and
 - j. any other matters that may be affecting the Council's ability to effectively perform, including behaviour that may be preventing the Council from performing its functions.
2. To advise, and provide any relevant assistance and support to the Council in relation to the improvement of the Council's governance processes and practices, with specific regard to the matters raised in clause 1.
3. To assist the Council to develop an Action Plan and progress updates for any necessary governance improvements, with specific regard to the matters raised in clauses 1 – 2.

4. To report to the Minister for Local Government, with respect to the matters in clause 1, on:

a. any steps or actions taken by the Council to improve its governance and the effectiveness of those steps or actions; and

b. any recommendations in relation to the exercise of any Ministerial power under the Act.

