

# Municipal Monitors appointed to Greater Geelong City Council

## Report to the Minister for Local Government

### 1. Background

#### 1.1 Appointment

1. On 9 April 2024, the Minister for Local Government appointed us, Peter Dorling and Mark Davies, to be municipal monitors at Greater Geelong City Council under Section 179(1) of the *Local Government Act 2020* (the Act) to monitor governance processes and practices at Greater Geelong City Council (the Council). The appointment was for the period ending 31 December 2024.

The Terms of Reference required us to monitor the Council in relation to the following areas:

- a. Any processes and practices identified in the Municipal Monitor's Final Report – January 2024 requiring improvement
- b. The Council's meeting procedures and decision making, including the use of Notices of Motion and Councillor adherence to the Governance Rules
- c. The maintenance of an effective working relationship between the ongoing Chief Executive Officer and the Councillors
- 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 the adequacy of the Council's Councillor induction training program
- f. The Council's financial management practices, including its ability to meet current and future infrastructure and asset needs of the community
- g. Any support needed in the lead up to and following the elections in October 2024 to ensure good governance at the Council
- h. Any other Council governance policies, processes and practices.

#### 1.2 Context for Geelong City Council

The City of Greater Geelong is the second largest city in Victoria. Located 75 kilometres south-west of Melbourne, the municipality covers an area of 1,252 square kilometres, comprising suburban, coastal and country areas.

Over the past decade, the population of Geelong has experienced significant growth in the western and eastern corridors and the demographic profile, including its diversity, continues to shift and change. Across the municipality there is significant disparity between more advantaged and less advantaged suburbs with the 2021 SocioEconomic Index for Areas (SEIFA) index identifying some of

Geelong’s suburbs as being amongst the most disadvantaged in Victoria. Geelong is experiencing the fastest employment growth of all large regional cities in Australia. The largest job increases were in healthcare and social assistance, construction and professional, scientific and technical services. The economy is evolving with developments in advanced manufacturing, research and innovation, professional services, creative industries, major events and the visitor economy.

For the 2023-24 year, the Council had operating revenue of \$537 million and operating expenditure of \$455 million delivering an operating surplus of \$82 million. Total capital expenditure was \$140 million.

The City of Greater Geelong comprises 11 Councillors elected from 11 single Councillor wards. The following Councillors were sworn in on Monday 18th November 2024.

### City of Greater Geelong Councillors

Ward	Councillor
Barrabool Hills	Deputy Mayor Ron Nelson
Charlemont	Councillor Emma Sinclair
Cheetham	Councillor Melissa Cadwell
Connewarre	Councillor Elise Wilkinson
Corio	Councillor Anthony Aitken
Deakin	Councillor Andrew Katos
Hamlyn Heights	Councillor Eddy Kontelj
Kardinia	Mayor Stretch Kontelj OAM
Leopold	Councillor Trent Sullivan
Murradoc	Councillor Rowan D Story AM, RFD
You Yangs	Councillor Chris Burson

## 2. Governance at the Council

### Any processes and practices identified in the Municipal Monitor’s Final Report – January 2024 requiring improvement

#### Workplace Culture

Workplace culture is an obvious area that needs to be continually monitored. In the past this area has been problematic for the Council. We are confident that the Chief Executive Officer (CEO) and the Executive Leadership Team (ELT) have the right values and as a general observation, the organisation appears to be responding to those values. A recent external Employee Experience survey conducted by a reputable provider was comprehensive and encouraging. The survey was carried out not long after the ELT commenced, so we are confident that future employee engagement will show improvements. ELT has dissected the survey results, and we note that they are pursuing areas that require their attention. We are confident that there is a clear intent on enhancing workplace culture at the Council.

We have observed the organisation's ongoing investment in positive workplace culture through activities such as:

- Commencing the organisational values refresh project to determine new organisational values through evidence-based research and substantial consultation with employees across the Council
- Developing a comprehensive Psychosocial Framework to meet Workplace Health and Safety legislation
- Continuing facilitation of small group leadership development programs for the Council's frontline People Leaders and Joint Coordinator Group throughout 2024 and 2025
- Delivering tailored capability sessions, such as Cranlana Ethical Leadership, for the Executive and Senior Leadership cohorts to support priority strategic initiatives and needs
- Delivering regular Leaders Forums at key points in the calendar year. These events provide an opportunity to gather all People Leaders across the Council together face-to-face to share information, facilitate discussions, inform decision making, and facilitate collaboration and connections
- Facilitating opportunities and empowering the Joint Coordinator Group to develop 'big ideas' to drive process improvement at a local and organisational level
- Reviewing internal Reward and Recognition Programs to improve processes and outcomes to increase effective recognition.

As monitors we are recommending that the CEO continue to report annually to the Minister on survey results both internal and external, referencing processes and improvements in employee satisfaction and workplace culture.

### **The Council's meeting procedures and decision making, including the use of Notices of Motion and Councillor adherence to the Governance Rules**

The use by Councillors of Notices of Motion (NoMs) has been a sector-wide concern that has been raised by the Chief Municipal Inspector on multiple occasions. We have observed that the CEO and Executive display a genuine willingness to work with Councillors on various initiatives thus avoiding the need for NoMs. Councillors' attempt to use NoMs to change or modify a Council decision going forward or promote an initiative that was not previously supported, can be divisive and significantly diverts resources. Councillor time and effort that goes into discussing and negotiating positions on NoMs is disproportionate to the time that is spent on Council agenda items. It will remain to be seen if the Council applies the use of NoMs in a prudent manner. It would be a concern if NoMs become a regular fixture at Council Meetings. As monitors we have raised the issue of NoMs with the new Council.

Our observation is that the Council's governance rules including those applying to the use of NoMs be reviewed by the new Council as a matter of course. However, it is noted that Local Government Victoria is in the process of developing a model set of Governance Rules for the local government sector. We would therefore recommend the new Council to hold back the review of the current governance rules until the draft model rules are available and understood.

### **The maintenance of an effective working relationship between the ongoing Chief Executive Officer and the Councillors**

The CEO has developed an effective working relationship with the Councillor group and puts time and effort into ensuring the Councillors are supported in their decision making. On appointment the CEO immediately reviewed and strengthened the Governance Team. That Team set about putting in place policies and practices, that were clearly lacking in the previous administration. Councillors

regularly receive in person briefings from Executive Directors and Senior Managers on items of strategic importance. Executive Directors also prepare briefing papers on emerging issues or “hot topics” and these are uploaded into the Councillor portal for all Councillors to view.

### **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**

The importance of the relationship between Councillors cannot be overemphasised. It has been problematic in the past and has been a major focus of monitors appointed to Council since 2017. The outgoing Council certainly had their issues and as reported by the last set of monitors in their 2024 report that council recorded an unusually high number of complaints between Councillors.

The new Council group has only just started its journey and at the time of writing this report they had participated in one Council meeting. The Council has five new councillors and six returning Councillors. How they interact and work together is yet to be seen. However, through their understanding of the Model Councillor Code of Conduct (and mandatory training) they are acutely aware of the importance of integrity and respect for each other. They are also aware of the dispute resolution pathways and obligations.

The new Mayor will be responsible for keeping the Councillors focused and avoiding unnecessary conflict. The Mayor’s skill in moderating and in many cases mediating Councillor disputes is a key element in this Council group’s success. We have spoken to the new Mayor about the role he must play.

The relationship between Councillors and Council staff is critical. It must be said that this is a two-way obligation – respect and goodwill from both sides. The Council has a relatively new CEO and Executive team as well as a newly elected Council group. This provides an excellent opportunity to set the basis for a professional and respectful relationship. Having said that the reality is much will depend upon the working relationship between the Mayor and the CEO. Regular dialogue, agenda setting and solving day to day problems is the key. As monitors we have no reason to believe this is not achievable with the current incumbents.

It’s worth noting in this report, a letter sent to all recently elected Councillors by the previous Minister for Local Government. In the letter, the Minister could not have been any clearer to Councillors about their obligations to staff welfare under the *Occupational Health and Safety Act 2004* (OHS Act). We emphasise this important obligation.

It is a matter of public record (Geelong Advertiser article) that one recently returned councillor was “disciplined over his ongoing ‘problematic behaviour’ following a string of complaints from staff”. These actions were taken in accordance with the employer’s duties under the OHS Act. In this instance the new Mayor has been briefed accordingly.

It is a key recommendation of this report that the Minister take an ongoing watching brief on this vital relationship.

### **The Councillors’ understanding and performance of their statutory roles and responsibilities, including the adequacy of the Council’s Councillor induction training program**

It is our opinion that the Councillor Induction training program offered to the Mayor and Councillors was extensive and well received. In summary the program comprised four key themes:

- *Theme One Relationships*: Objective is to build a cohesive team and improve Councillor relationships (between each other and staff)

- *Theme Two Strategy:* Objective is to support strategic decision making and having council commit early to key strategic principles to underpin the development of the Council Plan
- *Theme Three Finance:* Improving Financial literacy, agreeing to financial principles and understanding the key financial planning and reporting documents to be adopted by Council.
- *Theme Four Council Member Role:* Mandatory training around legislated roles and responsibilities, meeting procedures and member conduct.

The induction training program is in line with the recent changes to the Act for mandatory Councillor training and commenced in the week beginning 18 November 2024. It also included a session with the Municipal Monitors.

### **The Council's financial management practices, including its ability to meet current and future infrastructure and asset needs of the community**

#### **Community Grants**

The Council operates a community grants program with the 2024-25 program allocating up to \$4.5 million to local community clubs, groups and organisations. Of this amount, \$3.0 million has been allocated to community infrastructure for asset renewal and upgrade projects, which includes funding up to \$400,000 for planning for and/or construction of capital works by:

- Not-for-profits on public land (managed or owned by council)
- Not-for-profits not on public land (managed or owned by council)
- Unincorporated bodies with auspice
- Schools and learning institutions (non-curriculum based and benefit the wider community).

There is an independent evaluation process run by officers, including a community panel which make recommendations to the Council for allocating the grants. It is our observation that the Community Infrastructure grants substantially overwhelm the operating grants component with 76 community infrastructure applications totalling \$12.2 million being received for the 2024-25 application process. This is compared to 248 applications totalling just \$2.5 million being received for operating grants.

Council endorsed the recommendations of the community panel which recommended that 155 applications be funded totalling \$4.0 million including \$3.0 million for community infrastructure grants. Of the \$3.0 million, \$1.5 million related to sports field lighting. Most of the infrastructure grants are from not-for-profits seeking funding for Council assets on Council managed or owned land and in our opinion would be better dealt with through the capital budgeting process.

#### **Annual Budgeting Process**

The Council has budgeted for an underlying surplus of \$1.5 million (excluding capital grants and contributions) for the 2024-25 year but must make operating savings of \$9.8 million to achieve this result, as well as fund additional Councillor priorities. At the time of this report around half of the savings have been identified but most of these are due to timing and technical adjustments rather than ongoing cash savings and so will not contribute significantly to the ongoing financial sustainability of the Council.

The Council has approved a capital work program for the 2024-25 year totalling \$180.2 million. As Monitors, we were concerned that the development of the program was based mostly on discussions with and direction from Councillors on a ward-by-ward basis rather than on a planned and prioritised basis which aims to meet the infrastructure and asset needs of the community as a whole.

#### **Long Term Financial Planning**

As required by Section 91(3) of the Act, the Council developed a Long Term Financial Plan (Financial Plan) for the 2021-2031 years and adopted the Financial Plan by 31 October 21 in the year following the general election. However, the Council has not reviewed and updated the Financial Plan since that date and therefore has not complied fully with Section 93 of the Act which requires it to develop, adopt and keep in force a Financial Plan of at least the next 10 financial years. This has prevented them from adopting their Annual Budgets within a long term framework. Furthermore, until recently it did not have a financial modelling tool which would allow them to develop financial projections for more than four years.

The Council has now developed a financial modelling tool that will allow them to develop financial projections for at least 10 years and has commenced a program to update the current Financial Plan including the assumptions and required resource requirements to ensure the Council remains financially sustainable over at least the next ten years in accordance with the Act. The latest modelling indicates that while the Council can meet its current service and asset maintenance/renewal needs, it faces significant challenges in funding community infrastructure arising from growth, due to its high level of debt. This will require the Council to undertake structural reform and put in place fiscal constraint in the medium term as a minimum.

### **Any support needed in the lead up to and following the elections in October 2024 to ensure good governance at the Council**

In addition to the Councillor Induction Program, Councillors have been encouraged to participate in learning and development sessions offered by peak industry bodies including the Municipal Association of Victoria (MAV) and the Victorian Local Governance Association. The MAV Mayoral Leadership group is also a recent initiative that has offered a significant opportunity for professional development and networking.

In addition to weekly briefings and workshops to support Councillors to make informed and good decisions on items before them in the Council Chamber, Councillors have been offered briefings on items of relevance, including but not limited to the Victorian Auditor General's Office reporting requirements, Victorian integrity agencies and their policies and other peak bodies and government entities.

A Lead Integrity and Review Officer has recently been appointed and the Chief Legal Officer's role has been expanded to include an integrity function. We are confident that the Council can fulfil its functions and obligations and deliver for the community.

The ability for the new Councillor group to work together in a constructive, professional and respectful manner will be key to ensuring it can deliver and serve for the betterment of the City of Greater Geelong community.

## **3. Recommendations for the Council and the Minister for Local Government**

1. We recommend that the Council:
  - 1.1. Limit its use of Notices of Motion to only those that are calling for an officer report and meet the criteria outlined in the Governance Rules
  - 1.2. The Council review its current Governance Rules once the model rules for the industry have been developed
  - 1.3. Make the following changes to improve its long-term financial sustainability:
    - Set an upper threshold for community infrastructure grants to be provided to not-for-profits seeking funding for Council assets on council managed or owned land. Applications above the threshold should be referred to the capital budgeting process

- Set the budget within the adopted Financial Plan targets and where efficiency savings are identified, set them at achievable levels as part of a planned and systematic approach to service and asset planning. Setting management excessive budget savings targets to fund Councillor initiatives is not appropriate
  - Develop the budgeted capital works program based on the adopted Asset Plan (and associated asset management plans) for existing assets or prioritised business cases for new assets. Setting the capital budget based on a ward-by-ward basis is not appropriate
  - Ensure that when developing its Financial Plan for the 2025-2035 years in accordance with Section 91(3) of the *Local Government Act 2020*, the Council can fund its existing service and asset maintenance/renewal needs as well as new service provision and community infrastructure arising from growth. This will require Council to develop a number of key financial strategies including revenue generation, expenditure savings and debt reduction as well as implementing structural reform and fiscal restraint in the medium term
  - Update its Financial Plan annually to keep in force a Plan of at least the next 10 financial years and use this to drive its annual budget process. This will ensure the Council complies fully with Section 93 of the *Local Government Act 2020*
2. We recommend that the Minister continue to have oversight of the following matters by requesting annual updates from the Council:
    - 2.1 The Council's progress to address our recommendations to the Council in this report
    - 2.2 Councillor to Councillor conduct and the number of disputes and complaints
    - 2.3 The long-term financial sustainability outlook of the Council including actions put in place to meet current and future infrastructure and asset needs of the community
  3. We recommend that the CEO provide annual updates to the Minister on:
    - 3.1 Councillor to staff relations including instances of threatening, intimidating and inappropriate behaviour by Councillors towards officers
    - 3.2 The development of a positive workplace culture for the organisation as referred to in this report

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