



**Council Meeting**

**17 June 2020**

Council Chamber, Town Hall, Sturt Street, Ballarat

**AGENDA**

**Public Copy**

**NOTICE IS HEREBY GIVEN THAT A MEETING OF BALLARAT CITY COUNCIL WILL BE HELD IN THE COUNCIL CHAMBER, TOWN HALL, STURT STREET, BALLARAT ON WEDNESDAY 17 JUNE 2020 AT 7:00PM.**

This meeting is being broadcast live on the internet and the recording of this meeting will be published on council's website [www.ballarat.vic.gov.au](http://www.ballarat.vic.gov.au) after the meeting.

Information about the broadcasting and publishing recordings of council meetings is available in council's broadcasting and publishing recordings of council meetings procedure is available on the council's website.

## **AGENDA**

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**The next Ordinary Meeting of the Ballarat City Council will be held on Wednesday 24 June 2020.**

## **1. OPENING DECLARATION**

**Councillors:** *"We, the Councillors of the City of Ballarat, declare that we will carry out our duties in the best interests of the community, and through collective leadership will maintain the highest standards of good governance."*

**Mayor:** *"I respectfully acknowledge the Wadawurrung and Dja Dja Wurrung People, the traditional custodians of the land, and I would like to welcome members of the public in the gallery."*

## **2. APOLOGIES FOR ABSENCE**

## **3. DISCLOSURE OF INTEREST**

#### 4. OFFICER REPORTS

##### 4.1. HEARING OF VERBAL AND WRITTEN SUBMISSIONS PERTAINING TO THE 2020/21 DRAFT BUDGET

**Division:** Business Services  
**Director:** Glenn Kallio  
**Author/Position:** Glenn Kallio – Director Business Services

#### OFFICER RECOMMENDATION

##### Council resolves to:

1. Note that the development of the Council Budget 2020/21 has complied with section 223 of the *Local Government Act 1989* with respect to hearing verbal presentations in support of written submissions as requested by respondents.
2. Note the submissions presented to Council.

#### EXECUTIVE SUMMARY

In accordance with section 223 of the *Local Government Act 1989* Council placed the draft Council Budget 2020/21 on public exhibition, (advertised in The Courier on 9 May 2020) and invited written submissions. The purpose of this report is to receive written submissions and hear verbal presentations from respondents who requested that they be heard in support of their written submissions.

Thirteen submissions have been received with two of these submitters wishing to speak to their submission with excerpts of submissions reproduced below:-

##### **Submission 1 - Dr Elisa Zentveld wishes to speak to her written submission**

###### **Mechanics of the budget**

The budget was created in a COVID-19 period, with briefings to Councillors commencing on 13 February. This was prior to Victoria being declared a state of emergency due to COVID-19 (March 16 2020). Accordingly, the framework of the budget is based around expenditures deemed appropriate at a time that no longer exists. A key example of this is \$9.6m on tourism and events (if the two separate items relating to these aspects are combined). This is a significant amount of money and it is unclear how it would be spent. But most alarmingly, given the features of lockdown, it seems most irregular to be planning to market to potential tourists and run events in the same manner as pre- COVID-19. This expenditure should most certainly be substantially less. There are various other aspects that could be scaled down with the principle of – is this really the right time to be prioritising some of these aspects. Some things could easily be put on hold or reduced to be conservative with spending during this difficult time. I also question the thinking of borrowing \$17m for no detailed purposes. It would seem to be that money is borrowed to use if needed whilst at the same time planning the same expenditures on non-urgent and/or non-appropriate projects. Do Councillors, and the community, feel comfortable with the notion of Council requesting what is essentially a \$17m credit card for no specific purpose?

**OPPORTUNITY FOR INPUT**

According to the Local Government Act 1989 Section 223, a minimum of 28 days is required for notification of inviting public submissions. Submissions opened on Monday 11 May 2020 and close 9am Monday 8 June 2020, which is exactly the minimum: 28 days. Notably, there was a problem with the Council website over the weekend prior to the closing date (refer Appendix A screen shots), which prevented access to the relevant documents and processes for making a submission.

Members of the community made aware of the budget submission process based on advertising by the Ballarat Council together with a feature editorial in The Courier on 6 June 2020 would have found themselves without any reference tools to guide them. Certainly, my submission was constrained by inability to access necessary documentation. Accordingly, the 28 days minimum was compromised and the opportunity for input was thwarted.

It is highly relevant that the minimum number of days was written in 1989 and did not account for life through a COVID-19 lens. It is indeed a minimum based on normal times. It is axiomatic that such a minimum is not sufficient for times that are harsher and confusing and missing the normal opportunities for interchange where people become aware of matters. It could readily be argued that the budget for Council for the next financial year is more important than ever as our recessionary times mean that impacts are particularly significant for so many. Priorities may be different. It is also highly relevant that on 14 May 2020 (three days after submissions opened for the Council budget), the community was made aware of the report written by Deborah Glass highlighting inappropriate behaviour within Council at its senior staffing levels. That report's public release has occurred around the time of the opening of submissions into the budget. This has clearly been a distraction and reduced awareness of the budget being open for examination (by the public and potentially also for the consumption by Councillors).

In addition, the interim Council CEO will soon start. Naturally, the budget will be a key tool for that person to be able to perform in their role. In the position description for the Interim CEO, it states that the person must "spend monies in accordance with approved delegations and budgets" and since that person's performance will be assessed based on criteria that includes the budget, it seems appropriate to involve them to have input in the finalisation of the budget.

**SUMMARY RECOMMENDATION**

In light of the two key themes raised in this submission, it is recommended that a second round of consultation be offered to the community of which the incoming interim CEO can then be part of that process. The community has not been provided with the right opportunity for input into the budget. Best practice is not about minimums – it is about making fair and good decisions that take into account more aspects than just the Act (which didn't account for a COVID-19 world). If the purpose of inviting public input is genuinely about inviting feedback then more time is needed. This is particularly the case given the distractions (eg Glass report and COVID-19), the lack of access to the Council website over the weekend prior to submission closing, and an incoming interim CEO who should be part of the process. There is scope for extending the timeframe given that on 9 April 2020 the Minister for Local Government Adem Somyurek announced an extended deadline until 31 August 2020 for the 2020/21 Council budgets, and 30 November for the annual report. As outlined by the Minister, that extension was to "ensure (councils) have time to consider how they will change their budgets to support their residents and businesses." As previously

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outlined, the Council budget was drafted pre-COVID-19. The Government expects budget changes will be appropriate.

Under the Local Government Act 1989 Section 223 (1.a.iv) a person is entitled to the opportunity to be heard to outline their submission and I request to speak to my submission under that Act.

## **Submission 2 – Mr John Barnes wishes to speak to his submission**

### 1. Public consultation

#### 1.1. The draft budget papers

- a) The draft budget format may meet the regulatory minimum, but it does not meet the high aspirations of the Council Plan, with Accountability (and transparency) one of its four pillars. It lacks explanatory notes to assist readers to understand what is being presented to them.
- b) The draft budget shows significant variations to previous budgets that go unexplained. Of the 80+ services, 28 show large variations, and explanations are provided for only 2 (Access and Inclusion; Tourism). The draft says, “Within this document, each of our services is explained in detail, with the costs, revenue, customers and service level presented below. Relevant key service improvements are also detailed.” (p17), but doesn't do anything of the sort. It provides only net costs of each service and no explanation of substantial variations from the previous year(s).
- c) The draft makes comparisons from year to year on capital works almost impossible. Figures on the previous year's budget are not the budget adopted in the preceding June, but are a revised budget which includes carry-over projects from the previous year (or years, in some cases like Civic Hall), and the draft budget figures do not include carry-overs as do other comparable municipalities such as Geelong and Bendigo in their draft budgets for 2020/21. This makes comparisons between the current year figures and those proposed for next year impossible. They are compiled on different bases.

#### 1.2. The consultation process

- a) Those seeking to make submissions on the budget are all alone. No assistance is provided by BCC officers or councillors to clarify and understand the written draft. This is a significant impediment to Council getting useful feedback from submissions. It makes the combined recurrent expenditure on Information, Marketing and Communications of \$9.3m a provocation to the public when arguably, the most important annual document in the municipal cycle, is overlooked by the organisation.
- b) The belated attempt in *The Courier* on June 6 via a two page paid advertisement to explain the budget was too late. On the bottom of both pages of the advert, people were invited to phone with questions or visit the BCC website. The first problem was that the number only applies to business hours, which, with the long weekend, open 23 hours and 15 minutes **AFTER** submissions on the budget close! The second, was the unavailability of the BCC website for at least part of the weekend, where it appears Chrome users such as myself were denied access due to a security warning about the BCC site being compromised.

- c) This submission, and others received by Council, is compromised by the minimalist draft budget presentation and the lack of opportunity to consult council officers. Marketing, which is how the 2-page advertisement could politely be described, is not to be confused with consultation.

## 2. Comments on the draft Budget

### 2.1. General

- a) The draft budget lacks ambition in addressing the recovery phase of the COVID-19 lock-down. The minister for local government has announced a further 2 months grace on adopting and submitting budgets for 2020/21, and Council is urged to use this additional time to revise the draft, making it more accessible, and consulting on it again.
- b) Council has a responsibility to take action, if it can, to ensure that the local economy receives the stimulus required as Ballarat comes out of the lock-down. This can be by both advocacy to other levels of government, as well as through its direct actions. It is in this latter area that it is sitting on its hands. This failure makes advocating a hollow gesture, to which the other levels of govt could rightly respond by asking what the Council is doing for itself.
- c) Even with its proposed \$17m borrowing, the draft shows that BCC remains within its self-imposed borrowing ceiling of 50% debt to rate ratio, when the Victorian govt permits a 150% ceiling. Debt servicing is under 3% but the limit is 10%. Current BCC policy allows flexibility that is not being used, "...thus when required Council has the financial capacity to borrow funds when the financial circumstance dictate..."(p10). If the current circumstances with the economy stalled does not meet this condition, when does? So too, with interest rates at record lows, and predictions by the Reserve Bank that they will remain low for the foreseeable future, there has never been a better time to borrow. You have the capacity and the conditions.
- d) No explanation of the reasons for this is provided in the draft. Is there a credible explanation? The DCP Liability graph shows a \$47m liability by 2035. Does this have anything to do with the lack of ambition? If so, it is nigh impossible to discern this from the draft. If not, how is doing virtually nothing justified?
- e) The draft budget could not have anticipated the departure of the CEO and the Director Infrastructure and Environment. However, a significant amount will need to be added to the recurrent expenditure (either in forecasts for the current year, or for 2020/21) to cover the costs of the dismissed CEO's severance package and for the recruitment costs for replacing these senior officers. In the Ombudsman's Report, serious questions have been raised about [REDACTED]  
[REDACTED] Under these circumstances, would it be prudent to allow additional funds for further redundancies and recruitment costs in the draft, perhaps in consultation with any Interim CEO you appoint?

## 2.2. Operational details

- a) Apart from the failure to provide information promised and no explanations for substantial variances on 26 service areas (as mentioned above in 1.1 b) and which are shown in one of the attached tables to this submission), several service expenditures deserve singling out.
- b) The combined \$9.3m proposed for Information, Marketing and Communications has already been mentioned. This is up from \$6.6m in 2018/19, and is now comparable to all the money spent on Liveability (excluding Sports) i.e. child care, aged care, immunisation, maternal and child health, community development, immunisation, disability services, youth, fire prevention and emergency management, and libraries -at \$9.8m.

This seems relatively out of whack with community priorities - seriously out of whack!

- c) Festivals and Events are up half a million dollars on the current year to \$3.75m. Tourism, which cost \$1.1m in 2019/20 has been cut to zero, claiming, "This service has now been incorporated into the organisation rather than operating as a separate entity." (p24). Has it been absorbed, or are other areas being increased to cover this service? What service areas, and how much? Why is the amount for Festivals and Events so much when without a vaccine for COVID-19 large crowds are unlikely to be allowed to gather for much of the 2020/21 year. Events like the Road Nats and AFL and A-League games in Ballarat will run without crowds and without economic benefit (only costs) to the Ballarat community. Is Festivals and Events where the Strategic Partnerships program costs are allocated, and is it also the location for sponsorship deals with organisations like Cycling Australia and the Western Bulldogs? If not, where is sponsorship costs located? What line(s) in the detailed Financial Statements do they show in?
- d) I note there is a substantial increase in Major venues funding, but no explanation as to why. While these major venues provide for locals, they are also significant attractions for visitors, and are part of the Tourism expenditure by council. Is this an area where part of the former Tourism budget is tucked away?

## 2.3. Capital details

- a) It is not clear what the Facility Renewal Program for \$4m (p66) is to be spent on, nor the Major Infrastructure Renewal (p67), nor the Recreation Capital Improvement Program (p67). Details please.
- b) What is the anticipated capital carry-over from 2019/20 to 2020/21? - An order of magnitude to the nearest \$5m would be useful.
- c) As a general principle, the amount spent on asset maintenance should be at least equal to the amount allowed for depreciation and amortisation in the Comprehensive Income Statement, otherwise the maintenance of the asset base, valued at \$1.8b, is eroded as assets are left to run down. This should be funded through council cash, not borrowings. The exception for this year is the cashflow shortfall from COVID-19 measures, where the \$17m borrowing is going to asset maintenance, but on the proviso it is paid back

entirely within the following 2 years. The amount going toward addressing depreciation and amortisation is difficult to identify within the draft, as there are three categories of asset capex -renewal, expansion and upgrade. It is not clear if all or only some of these funds can be counted toward addressing depreciation and amortisation. A definition or explanatory note in the budget papers would assist understanding and transparency.

- d) It is noted that the amount under these three categories is substantially less than the last couple of years. BCC under-funded asset maintenance for many consecutive years, and needed to put in more than depreciation and amortisation equivalents by means of catching-up. Arguably, it still needs to. The comparison of \$43m for 2020/21 to \$75m in 2019/20 and \$62m for 2018/19 are salutary. The other factor here is the inability of officers to deliver the full capital works program each year, and the forecast for 2019/20 shows a disturbing carry-over from 2018/19 of \$20m. There appears to be no excuse for this on routine capital maintenance, which is known well in advance of each budget cycle, and which is (or ought to be) funded by council cash.

#### 2.4. Comments on key financial indicators

- a) The attached table lists some of the key variables from the Financial Statement of the draft budget. The comments often refer to variations over the amended budget for 2018/19 forecast (with capital carry-overs), the 2019/20 adopted budget, the 2019/20 forecasts (on the amended budget), and the draft 2020/21 budget (for adoption).
- b) One of the variables worth making particular mention of is the Victorian Grants Commissions funding, which was budgeted at \$13m for 2019/20, but delivered only \$5m, and is again budgeted for \$13m. How confident are you of such an amount? Without it the budget looks sick.

### 3. Summary

- 3.1. Council should use the extra 2 months granted by the minister for local government to adopt and submit the 2020/21 budget. It should take on board ideas from the submissions on this first 28-day submission period. It must determine to what extent it agrees that it needs to use its borrowing capacity for addressing the economic recovery phase of the COVID-19 pandemic. Assuming Council accepts this role during 2020/21. It is urged to brainstorm ideas from all staff and the public to identify services and projects which will provide a stimulus to the local economy and employment in the short/medium-term as we emerge from the COVID-19 lock-down phase, giving particular attention to those projects capable of being relatively quickly implemented, and which give long-term benefit to the people of Ballarat. Those most impacted are often young, casually or self-employed, and from the hospitality, entertainment and other parts of the service economy. These should be the target group for local stimulus employment, especially if Jobkeeper and Jobseeker come to an abrupt end in September as the federal government is talking about.
- 3.2. I suggest BCC facilitating and partnering in urban renewal projects in the CBD/Bakery Hill precinct that will result in a substantial residential population living in medium density, contemporary buildings of design-excellence as a medium-term initiative. I also advocate for preparing Ballarat for climate change through implementation of BCC's Urban Forest idea, and through projects that improve the energy efficiency of Ballarat's
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existing and future housing stock, perhaps through a retrofitting service to existing poor standard housing, and through a time-limited rates incentive to new dwellings which achieve a minimum of 8-star energy rating. These programs could be commenced relatively quickly.

- 3.3. The next draft of the budget will need to reflect the uses to which additional borrowing will be utilised, and identify the amount. It needs to provide the detailed financial and explanatory information lacking in the current version on its 80+ services. The draft also needs to allow for potential redundancies and recruitment costs. It would be an advantage if the new draft could show the carry-over capital works, thus allowing more accurate comparisons between 2019/20 forecasts and 2020/21 budgets.
- 3.4. When the next draft is published, information sessions need to be run by council staff to complement the document, and for the purpose of increasing public understanding of the budget and financial statements in order to solicit well-considered submissions for council consideration.
- 3.5. Following this process, the final budget be adopted and submitted to the minister for local government by August 31.

### **Submission 3**

This submission acknowledges and supports the City's intention to envisage Ballarat as a City of Possibilities guided by the Ballarat Prosperity Framework. This submission also supports the funding allocated to the Bridge Mall redevelopment and is looking forward to working with the City to examine how the inclusion of the evidence base of compassion can make a difference to the experience of that social infrastructure space.

### **Submission 4**

This submission addresses the lack of funds allocated to new and expansion of footpaths in the Draft Budget, in particularly, the Alfredton area, within 1.5kms from Alfredton Primary School.

### **Submission 5**

Submission 5 is seeking Council's commitment to the upgrading of Dowling Road.

### **Submission 6**

Submission 6 raises concerns on behalf of Victorian agriculture in regard to the rate burden on farmers and seeking a fair and balanced rating strategy.

### **Submission 7**

Submission 7 recommends to Council that it revisit the budget in relation to the amount of loans being procured by Council.

### **Submission 8**

Submission 8 raises anomalies between the Art Gallery of Ballarat and the Bendigo Art Gallery. The submitter also raises concerns on the budget for trees and replacement of damaged trees.

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**Submission 9**

Submission 9 suggests that Council invests in the construction of social housing based on sustainable principles. The submission also queries the budget for electric vehicles, charging stations and recycling strategies.

**Submission 10**

Submission 10 encourages Council to allocated more money on the construction of a network of dedicated and separated bike paths.

**Submission 11**

Submission 11 comments on the Council's Library Upgrade and supports this. It recommends that Council halve its allocated sports funding with the savings from this to be allocated to the Arts, in particularly the Art Gallery of Ballarat. The doubling of the budget allocation for the planting of trees is also suggested.

**Submission 12**

Submission 12 addresses the increase in rate revenue since 2016/17 and mortgage stress in the postcode of Ballarat. It also raises concerns surrounding increased borrowing.

**Submission 13**

Submission 13 raises concerns regarding cuts in the home support program, meals on wheels, youth services, positive ageing and customer service and seeks Council to consider increasing the budget for these areas. It queries the increase in expenditure in Sport and Active Living, Waste and the Office of the CEO.

**LEGISLATION, COUNCIL PLAN, STRATEGIES AND POLICY IMPACTS**

The financial operations are conducted within the financial policy framework of Council and the financial 2020/21 Budget is prepared in accordance with the appropriate regulations, legislation and Australian Accounting Standards.

**REPORTING AND COMPLIANCE STATEMENTS**

<b>Implications</b>	<b>Considered in Report?</b>	<b>Implications Identified?</b>
<b>Human Rights</b>	No	No
<b>Social/Cultural</b>	No	No
<b>Environmental/Sustainability</b>	No	No
<b>Economic</b>	No	No
<b>Financial/Resources</b>	Yes	Yes
<b>Risk Management</b>	No	No
<b>Implementation and Marketing</b>	No	No
<b>Evaluation and Review</b>	No	No

**Financial/Resources** – It is considered that all financial implications are covered within the 2020/21 Draft Budget.

## **CONSULTATION**

The 2020/21 Budget has been prepared by Council and has been on public exhibition pursuant to Section 223 of the *Local Government Act 1989*.

## **OFFICERS DECLARATIONS OF INTEREST**

Council Officers affirm that no direct or indirect interests need to be declared in relation to the matter of this Report.

## **ATTACHMENTS**

13 submissions on the 2020/21 Draft Budget were received by the closing time of the submission period. Of these 13 submissions, 2 submitters expressed their wish to be heard at the Special Council meeting to be held on 17 June 2020.

**5. CLOSE**