



Ararat Rural City

ANNUAL REPORT

2021/2022





ararat gallery tama

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INTRODUCTION

WELCOME TO THE ANNUAL REPORT 2021/2022

Ararat Rural City Council's Annual Report 2021/2022 details Council's operational performance from 1 July 2021 to 30 June 2022.

Building on the reform agenda already underway to streamline the organisation and improve accountability to the community it represents, we were ready to respond to the challenges of the global pandemic.

This report highlights the collective response and achievement of Council, businesses and the community to secure the health of those around us and our regional prosperity.



FAST FACTS



402

Children who visited the Maternal and Child Health centre at least once in the year



31,538

Visits to aquatic facilities (indoor and outdoor facilities)



3,866

Tonnes of waste collected



47

Animals were rehomed



893

Library borrowers for 2021/2022



21

Grants were awarded to upgrade shop fronts and retail precincts in round 3 of the highly successful Façade Grants Scheme.



143

Planning applications received



\$10.8m

Towards the upgrade and renewal of local roads



7,227

Rateable properties

MESSAGE FROM THE MAYOR



It is with great pleasure that I present Ararat Rural City Council's Annual Report 2021/2022 to the community. This year has been about transitioning to the new normal as we move beyond the impact of the pandemic and capitalise on our collective efforts to make our community stronger.

This report details the operational performance of the Council measured against the key objectives and strategies included in our Council Budget 2021/2022 and the first year of our Council Plan 2021-2025.

The 2021/2022 year has proven to be one of the most dynamic years in our history where we got to work delivering the bold new vision, we set out in our Council Plan that will completely transform Ararat.

To serve as your mayor during this period has been extremely rewarding, with my council colleagues and the entire organisation driven to get the best deal for our community.

Not only have we continued with our rating strategy, achieving a net 0% increase in rates over 5 years, but combined with community and business confidence, Ararat has returned to the glory days of full employment and strong economic growth.

2021/2022 also has to be one of the most successful years ever in terms of advocacy, with Council securing record levels of government funding which has been instrumental in us getting the big projects done that have been long talked about but never seemed to materialise.

Highlights of Council's advocacy outcomes and delivery of major projects include:

- \$1.88 million from the Victorian Government to deliver trunk infrastructure to unlock development at the Ararat East development Zone and to deliver workforce resettlement programs to secure a much-needed workforce for local industry

- \$1.56 million from the Victorian Government to enable Council to partner with Telstra to create a world-class free Public WiFi network in Ararat and Lake Bolac
- \$2.2 million to support the Ararat Spotlight Project, a partnership with Digital Twin Victoria and Council to support data collection and modelling to accelerate innovation in planning and construction
- \$3.28 million was secured from the Victorian Government's Big Housing Build initiative to create new social housing leveraging developer confidence to secure the Grano Street Housing Development
- \$1.1 million secured in investment from the Australian and Victorian governments, and Telstra to deploy a new mobile base station at Maroona
- \$500,000 from the Victorian Government to support Council's efforts to develop market ready development plan to secure future investment in the iconic Aradale site
- \$300,000 from the Victorian Government to help Council support local business to develop transitional worker housing
- Commenced the fit-out and activation of the Ararat Jobs and Technology Precinct in partnership with Federation University Australia
- Completed recreation reserve upgrades at Willaura and Mininera, enhancing year-round access for the community at our local facilities
- Continued Council's record investment to up renew and upgrade primary agricultural freight routes.

These projects set us up to build on the gains we have made, delivering better infrastructure services to meet the needs of our growing population.

Council's objectives for the coming year will be to focus on delivering these projects and to drive continuous organisational improvement to the core services you rely on.

Cr Jo Armstrong

Mayor



MESSAGE FROM THE CEO



I am pleased to be part of a Council and to represent a community that always strives to do better. This includes following up a big year of achievement with an even better one.

I have never been a fan of collecting awards or claiming that our mission has been accomplished. Our philosophy is one underpinned by a motivation for driving continuous improvement.

For many, the pandemic overshadowed 2020 but instead, this community pivoted to create opportunity.

While this can-do attitude helped accelerate reform at Council, in presenting Council's 2021-2022 Annual Report, I am pleased to say we maintained the momentum with several important decisions which will have a lasting impact on our economy and the community in the years to come.

The staff at Council have worked harder than ever to ensure that we deliver a strong governance framework with a commitment to financial transparency, a balanced budget, fairer rating, and accountability through direct engagement with the community we serve.

We have also worked hard to establish trust with the many small business owners who show their commitment to our community by investing here and providing local jobs.

Council's efforts to secure government investment in major infrastructure projects has enabled us to move from aspiration to reality major projects such as the Gordon Street Recreation Reserve Redevelopment, new housing developments, and the Ararat Jobs and Technology Precinct.

These efforts have boosted business confidence which has leveraged private investment to a higher degree. In a few short years, together we have transformed Ararat into a rapidly growing community with full employment and a population that has exceeded growth forecasts by 15 years.

At the same time, it was no small achievement to balance the budget and deliver a program for road and major asset renewal that regenerates our assets more quickly than they can decline.

A balanced budget does not need to result in a reduction in services, but it requires us to operate efficiently and to set out a plan to avoid any missteps along the way.

The Ararat Rural City Council Plan 2021-2025 sets out these priorities and how we will be measured against our record in achieving them. One year in, we have some solid runs on the board, and I would like to thank the Mayor and Councillors for their leadership, determination, and direction to see it through.

Dr Tim Harrison

Chief Executive Officer



OUR COUNCIL

OUR VISION

The Community Vision 2031 enhances the connection between Council and the community providing a shared vision to work towards.

Council's Community Vision 2031 is characterised by:

1. Strong population growth trajectories that buck trends in rural Victoria
2. Continuous and sustainable economic development which is focused on job creation through value adding in agriculture, advanced manufacturing and tourism
3. Leadership in pragmatic approaches to local environmental management.
4. Sustainable and effective local transport networks underpinned by careful technical and financial planning undertaken jointly between asset users and asset owners.
5. Communities that are enhanced by access to artistic, cultural, sporting and recreational opportunities that meet needs and expectations
6. Strong and robust democratic processes underpinned by transparent governance, good financial management and organisational innovation.

Guided by the Community Vision 2031, the Council Plan sets the strategic direction for Council over four years.

The Council Plan 2021-2025 highlights six key strategic objectives:

1. Growing our place
2. Building robust local economies
3. Preserving the environment
4. Developing and maintaining key enabling infrastructure
5. Enhancing community life; and
6. Strong and effective governance



MUNICIPAL PROFILE

Ararat Rural City is the gateway to the Grampians region in south-west Victoria. The land has a wealth of natural attractions that set the region apart, such as Mount Langi Ghiran, Mount Cole and the Ararat Hills National Park, which frame our townships with scenic views and unique landscapes.

Offering a fantastic regional lifestyle with a diverse economy underpinned by full employment, the recent shift in population to the regions has delivered an uplift in local investment and confidence.

Our diverse economy is underpinned by advanced manufacturing, premium agriculture, nature-based tourism, healthcare and renewable energy.

The region is known for its premium produce, offering paddock to plate experiences, artisan products, world-renowned wines, harvest festivals and events.

Ararat also has the region's best transport connections, including a high-speed divided highway to Melbourne; 62 weekly passenger rail services on the V/Line network, and interstate passenger rail services via the Overland.

Community groups and volunteers underpin community inclusion and our way of life. We have a proud history of embracing cultural diversity, inclusion and looking out for one another.

Active sport and recreation is the lifeblood of every town and community in the municipality. We are the birthplace of Australian Rules Football, which was inspired by the Indigenous game Marngrook, developed here at Moyston.

Our municipality includes vast riches of Aboriginal cultural heritage. The pristine landscape carries the stories, songs and language which have been passed down over tens of thousands of years and is showcased at the iconic Lake Bolac Eel Festival.

The region's arts and cultural scene supports the creativity of local artists and performers. The historic Town Hall Performing Arts Centre is one of the premier performance venues in the State and Ararat Gallery TAMA showcases the creative works of local, national and international collections.



Municipal Snapshot

11,922

Population (Estimated Resident Population as at 30 June 2020)



4,230 km²

Area



2,455 km

Length of local roads



7,227

Rateable properties



131.23

Number of Employees EFT

7

Number of Councillors



\$17.516 m

Rate and charge revenue

\$36.620 m

Total Revenue

OUR LOCATION

Ararat Rural City Council includes the city of Ararat and the townships of Elmhurst, Moyston, Willaura, Pomonal, Narrapumelap South, Lake Bolac, Rossbridge, Wickliffe, Maroona, Tatyoon, Buangor, Mininera, Westmere, Streatham, Warrak, Mt Cole, Nerrin Nerrin, Pura Pura and Armstrong.



Depots:

17 Flattely Street, Ararat
32 Leach Road, Lake Bolac

Municipal Offices:

59 Vincent Street, Ararat

Telephone:

03 5355 0200

Fax:

03 5352 1695

Email:

council@ararat.vic.gov.au

Website:

www.ararat.vic.gov.au

Postal address:

PO Box 246
Ararat VIC 3377



OUR COUNCILLORS

The Council was elected to provide leadership for the good governance of the municipal district and the local community. In 2020 the Ararat Rural City Council community elected this Council for a four-year term. The municipality is an unsubdivided Council, represented by 7 Councillors. The Councillors are the elected representatives of all residents and ratepayers across the municipality. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.

The Councillors are listed below:



Cr Jo Armstrong – Mayor

Date elected: 22 October 2016
E: jarmstrong@ararat.vic.gov.au
M: 0437 132 896



Cr Gwenda Allgood

Date elected: 22 October 2016
E: gallgood@ararat.vic.gov.au
M: 0458 583 746



Cr Rob Armstrong

Date elected: 24 October 2020
E: rarmstrong@ararat.vic.gov.au
M: 0436 832 526



Cr Peter Beales – Deputy Mayor

Date elected: 22 October 2016
E: pbeales@ararat.vic.gov.au
M: 0437 118 582



Cr Henry Burridge

Date elected: 24 October 2020
E: hburridge@ararat.vic.gov.au
M: 0436 599 380



Cr Bob Sanders

Date elected: 24 October 2020

E: bsanders@ararat.vic.gov.au

M: 0427 939 734



Cr Bill Waterson

Date elected: 24 October 2020

E: bwaterston@ararat.vic.gov.au

M: 0437 312 193

OUR ORGANISATION

ORGANISATIONAL STRUCTURE

Council is the governing body that appoints the Chief Executive Officer.

The CEO has responsibility for the day to day management of operations in accordance with the strategic directions of the Council Plan.

Council and the CEO are proud of its employees and commitment to the work they are carrying out on behalf of our community.

The overall community perception of our performance has increased from last year as identified in the 2022 Local Government Community Satisfaction Survey. Even more pleasing our positioning within small rural Councils and against state-wide averages has also improved. This is fantastic recognition for the work we have done in the past twelve-months.



Dr Tim Harrison – Chief Executive Officer

Commenced: 1 October 2018

A chart setting out the organisational structure of the Council is provided below. Ararat Rural City Council is a relatively small, serviced based organisation. **We employ around 131 equivalent full time (EFT) staff and our focus is on service delivery.** We do not need to have a large, costly and unwieldy management structure – we need to have great people focussed on delivery of services to our community. Our organisation is structured by “service streams” all of which deliver services directly to our community or supporting those who do. Senior staff, including the CEO, are expected to do real work that supports service outcomes.

CEOs OFFICE

Dr Tim Harrison
Julie Cronin

| SERVICE STREAMS | | |
|---|--|--|
| ORGANISATIONAL TRANSFORMATION | IT systems Organisational performance management KPI program | |
| HUMAN RESOURCES | Human resources management Occupational health and safety Staff performance management | |
| ECONOMIC DEVELOPMENT | Major economic development projects GABNet Tourism | |
| GOVERNANCE AND RISK | Governance Risk management Statutory reporting | |
| COMMUNICATION | Media Council website Social media | |
| DESIGN AND PROJECT MANAGEMENT | Capital project design and costing Capital works project management Capital works planning | |
| ASSET MANAGEMENT | Asset valuation GIS Asset condition reporting | |
| OPERATIONS | Local road maintenance Parks and gardens Building maintenance Road construction Bridge maintenance | |
| ARTS, CULTURE AND HERITAGE | Ararat Art Gallery (TAMA) Performing Arts Centre Gum San | |
| EMERGENCY MANAGEMENT | Emergency Planning MERO & MRM roles | |
| CUSTOMER SERVICE | Vincent St customer service centre Telephone service Customer charter development | |
| FINANCE AND RATING | Financial accounting Management accounting Rates management | |
| PROCUREMENT | Procurement management Purchasing policy compliance Vehicle fleet management | |
| COMMUNITY EVENTS | Support community events Community event funding Community Support Funding Program | |
| RECREATION SERVICES | Ararat Leisure Centre Outdoor Pools Recreation Officer role | |
| FUNCTION SPACES | Alexandra Oval Community Centre Gum San Great Hall Sporting club relationships | |
| LIBRARY SERVICES | Ararat Library Lake Bolac Business and Information Centre Mobile library services | |
| HOME AND COMMUNITY CARE | Personal care Delivered meals Aged and disability services | |
| MANAGER PLANNING, COMMUNITY AND COMPLIANCE Veronica Schilling | PLANNING | Statutory planning Strategic planning Planning compliance |
| | MUNICIPAL BUILDING SURVEYOR | Statutory Building Surveying Emergency Service Measure project |
| | ENVIRONMENTAL HEALTH | Food safety programs Wastewater systems Public health programs |
| | WASTE MANAGEMENT | Circular economy Kerbside collection Transfer stations |
| | SUSTAINABILITY | Roadside pest management Environment Vegetation management and offsets |
| | COMMUNITY SAFETY | Animal management Parking management Local Laws management |

COUNCIL EMPLOYEES

A summary of the number of all employees; casual, permanent and fixed term, shown as full time equivalent (FTE) and categorised by employment classification and gender is detailed below.

| Employment Classification | Female FTE | Male FTE | Total FTE |
|---------------------------|--------------|--------------|---------------|
| Band 1 | 1.78 | 3.50 | 5.28 |
| Band 2 | 5.47 | 4.81 | 10.28 |
| Band 3 | 6.17 | 27.00 | 33.17 |
| Band 4 | 10.97 | 14.50 | 25.47 |
| Band 5 | 9.36 | 11.00 | 20.36 |
| Band 6 | 4.80 | 4.00 | 8.80 |
| Band 7 | 5.79 | 6.00 | 11.79 |
| Band 8 | 3.00 | 3.00 | 6.00 |
| Senior Officers | 2.00 | 1.00 | 3.00 |
| Maternal and Child Health | 2.08 | 0.00 | 2.08 |
| Apprentices | 0.00 | 1.00 | 1.00 |
| Trainees | 0.00 | 4.00 | 4.00 |
| Total | 51.43 | 79.80 | 131.23 |

OTHER STAFF MATTERS

GENDER EQUALITY PLAN

To fulfil the requirements of the Gender Equality Act 2020, a formal Gender Equality Committee was formed to develop and implement a Gender Equality Action Plan. This plan was submitted to the Gender Equality Commission prior to the due date (31 March 2022) and has now been formally approved by the Commissioner.

The objectives of Council's Gender Equity Program is to ensure there is no discrimination relating to the characteristics listed under the Equal Opportunity Act 2010 such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religion or political affiliation, gender identity and sexual orientation. Further objectives include ensuring the workplace is free from bullying and harassment.

The Act requires Council, through regular reporting to the Gender Equality Commission, to consider and promote gender equality in our policies, programs, and services.

The organisation will now begin implementing the initiatives detailed in the plan along with fulfilling the other requirements of the Gender Equality Act 2020 to ensure positive change for all employees.

PREVENTION OF VIOLENCE AGAINST WOMEN

Council recognises gender inequality as the root cause of violence against women, and is committed to leading a gender equitable, safe and inclusive community and workplace.

Through the Act@Work Program and CoRE (Communities of Respect & Equality) Alliance, Council incorporates initiatives and programs focussing on education for all Councillors and employees.

ENTERPRISE BARGAINING AGREEMENT

After rolling over the previous Enterprise Agreement in 2020, Council's Enterprise Bargaining Committee comprising management representatives, nominated workplace union delegates, union industrial officers and employee representatives successfully negotiated a new Agreement which is now awaiting approval from the Fair Work Commission. Once approved, the new Agreement will remain operative until the 30 June 2024.

PROFESSIONAL DEVELOPMENT

Council recognises the importance in the development of skilled, knowledgeable, and dedicated employees. This year saw an increase in employees taking up online learning opportunities for career advancement through further education.

A range of other professional development opportunities are also available to eligible staff across the organisation each year. Council also maintains a comprehensive induction program for new employees, along with a number of e-learning modules in compliance.

The investment in training is developed in alignment with strategic priorities as well as in response to the individual needs of the employee.

HEALTH AND SAFETY

The health and safety of our employees and the community is of paramount importance to Council and as such are continually updating and reviewing our systems and processes, along with maintaining safe working environments for all.

Training has included Health and Safety Representative Initial and Refresher training, and Manager and Supervisors Health and Safety Training.



SERVICE RECOGNITION

To officially recognise and thank long-term employees for their ongoing service and commitment, Council rewards fulltime and part time employees with a 'service' lapel badge and certificate after 5, 10, 15 and 20-years' service.

Employees who have completed 25 years or over continuous service receive an engraved award and certificate of service. These service recognitions are celebrated in December each year.

During the 2021/2022 financial year the following employee milestones were reached:



5 years

Ebony Kumnick
Jason Cleary
Jaiden Bach
John Matthews
Chandra Willmott



10 years

Sarah Keith
Ashlee McKinnis
Tammy Nugent-Smith
Phillippa Cairns
Linda Coad
Margaret Driscoll
David Sanders
Andrew Pender
Phillip Wright



15 years

Ellen Pearce
Karissa Hogan
Kylee Whiting
Daniel Ferguson
Alexander Pickett
Kerrilee Burns



20 years

James Croxford
Gregory Driscoll
Shaun Ralph
Mark Richards
John Shipcott



30 years

Jennifer Woolcock

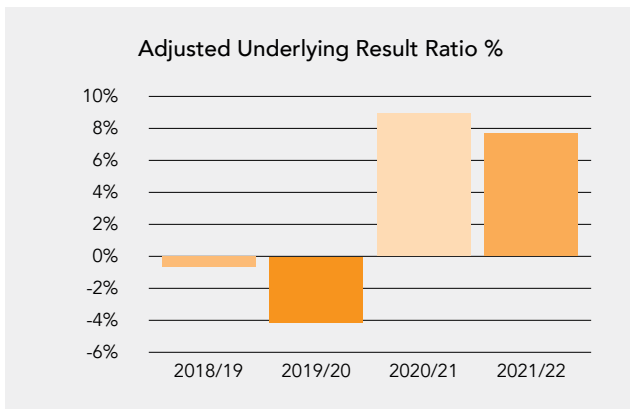
FINANCIAL SUMMARY

Council’s term financial position continues to remain sound. A summary of our performance is outlined below. Detailed information relating to Council’s financial performance is included within the Financial Statements and Performance Statement sections of this Report.

OPERATING POSITION

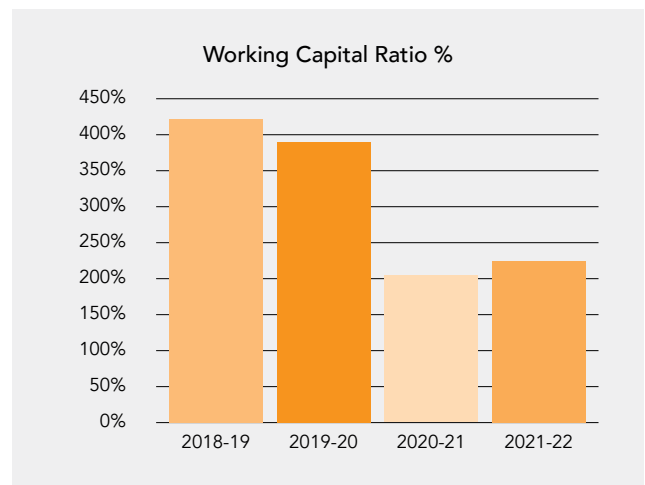
Council achieved a surplus of \$7.356 million in 2021-22. This surplus compares favourably to the prior year surplus of \$6.068 million. The adjusted underlying surplus of Council, after removing non- recurrent capital grants, cash capital contributions and non-monetary capital contributions, is \$2.419 million (or 7.64% when compared to adjusted underlying revenue). This result is a slight decrease compared with a surplus of \$2.908 million in 2020-21 (or 9.08%). This indicator is within Local Government Victoria’s expected range of -20% to 20%.

Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew community assets under Council’s control. The budget for 2022-23 includes an adjusted underlying surplus of \$0.612 million or 2.20%.



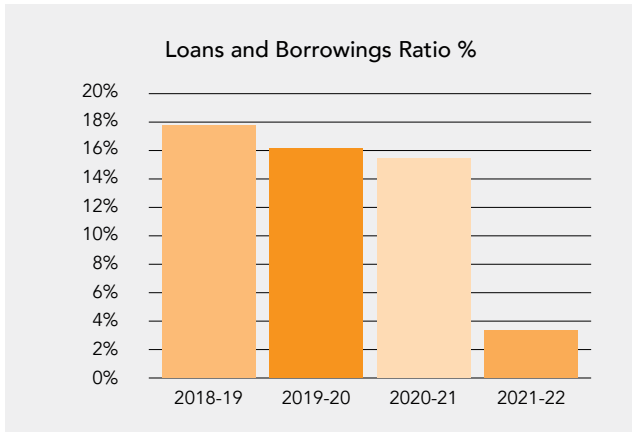
LIQUIDITY

The working capital ratio which assesses Council’s ability to meet current commitments is calculated by measuring Council’s current assets as a percentage of current liabilities. Council’s result of 224% in 2021-22 is an indicator of satisfactory financial position and within Local Government Victoria’s expected range of 100% to 400%.



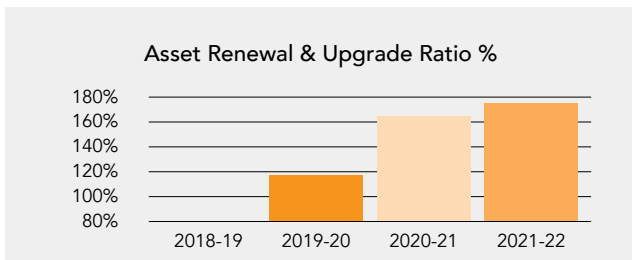
OBLIGATIONS

At the end of 2021-22 Council’s debt ratio, which is measured by comparing interest bearing loans and borrowings to rate revenue, was 3% which was within the expected target band of 0%-70%. The decrease in this ratio is a result of the repayment of a \$2.000 million loan during 2021-22.



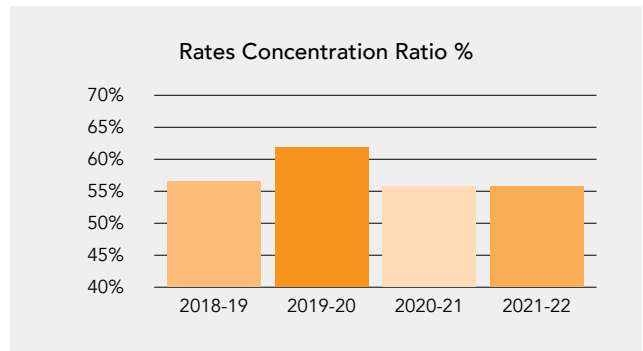
Council aims to ensure that it can maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. During 2021-22 Council completed \$14.664 million in capital works with \$13.798 million relating to the renewal and upgrade of assets.

Council’s asset renewal & upgrade ratio, which is measured by comparing asset renewal and upgrade expenditure to depreciation, was 174% in 2021-22 compared with 164% in 2020-21. This is a further increase compared with 118% in 2019-20. The expected range for this indicator is between 40% and 130%, and Council is favourably outside the expected range as Council continues to prioritise capital works. The ratio is unavailable for 2018-19 as the indicator was new in 2019-20



STABILITY AND EFFICIENCY

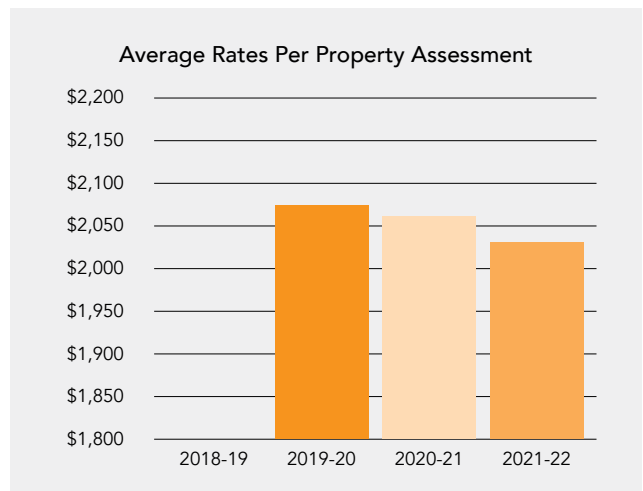
Council raises a wide range of revenues including rates, user fees, fines, grants and contributions, relying heavily on rates and grants to fund services. Council’s rates concentration which compares rate revenue to adjusted underlying revenue was 55% for 2021-22 and 2020-21 compared with 61% in 2019-20. The budget for 2021-22 allowed for a 1.5% reduction in the amount raised in general rates and municipal charges. Local Government Victoria’s expected range is 30%-80%.



The average rates per property assessment is the total rate revenue (general rates and municipal charges) divided by the number of property assessments. It excludes other charges listed on the rate notice such as waste management charges and the fire services levy.

The average rate per assessment of \$2,028 for 2021-22 was lower than \$2,061 in 2019-20 due to the 1.5% reduction in rates and municipal charge in 2021-22. The rate cap set by the State Government was 1.5% for 2021-22.

Local Government Victoria’s expected range for average rate per assessment is \$700 to \$2,000, which is the same range set for the average residential rate per residential property assessment. This range has not changed since 2015-16. This indicator is unavailable for 2018-19 as the indicator was new in 2019-20.



DESCRIPTION OF OPERATIONS

Ararat Rural City Council is responsible for more than 150 services, from community services, heritage & culture, recreation, transport and waste management; to matters concerning business development, planning for appropriate development and ensuring accountability for Council's budget. This broad range of community services and infrastructure for residents support the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan and the associated Budget 2021/2022 and reported upon in this document. Refer to the section on Our Performance for more information about Council services.

The delivery of services, facilities, support and advocacy to achieve the Strategic Objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under Victorian and Australian legislation.

ECONOMIC FACTORS

Council provides several regional city style services, but with a smaller population than most cities that provide that level of service. The condition of several assets has deteriorated to a stage where significant renewal works are required. Council is committed to reducing the renewal gap, redirecting cost savings identified during the year to renewal works. Council faces the financial challenge of providing services and managing assets under a rate capped environment.

CAPITAL WORKS

During 2021-22 the capital works included the following.

| | \$'000 |
|--|---------------|
| Buildings | 1,195 |
| Plant, machinery and equipment | 1,191 |
| Fixtures, fittings and furniture | 0 |
| Library books | 39 |
| Roads | 10,757 |
| Bridges | 708 |
| Footpaths and cycle ways | 240 |
| Drainage | 534 |
| Total capital works expenditure | 14,664 |

- Building capital works included \$0.588 million for the Willaura Recreation Reserve changeroom upgrades, \$0.198 million for Ararat Active Corridor projects and \$0.278 million for the Gordon Street Recreation Reserve development.
- Roadworks included reseals and reconstruction of various roads across the municipality. Council received funding through the Federal Government's Roads to Recovery Program and the Local Roads and Community Infrastructure Program, and through the State Government's AgriLinks Upgrade Program, to assist with the cost of works.
- Footpaths and cycle ways included new and renewal works in various urban locations.
- Drainage works included new and renewal works in various locations across the municipality.

MAJOR CHANGES

Following the ongoing flattening of the organisational structure that resulted from the 2018 review. Our staff have been tasked with more autonomy over their work, placing the focus of staff resources into roles that directly service the community.

After working through options for a second senior leadership role in the organisation, the role of Deputy CEO was created. This role recognises the increased operational demand of the Council's ongoing record investment in capital works and delivery of major projects. It also allows the CEO to dedicate more time to strategic development and external advocacy. The Deputy CEO role takes on the roles and functions of the Head of Service support with this position not renewed.

Additional flattening of the senior leadership structure has occurred at the Ararat Arts Precinct. The roles and functions of the Manager of Arts, Culture and Heritage have been merged into the responsibilities of two expanded coordinator level positions. This combines administration, strategic planning, programming and venue management, with all aspects of the technical operations Ararat Gallery TAMA and Ararat Town Hall.

MAJOR ACHIEVEMENTS

Council's Capital Works Program has exceeded \$14.6 million. All significant road projects set out in Council's Budget 2021/2022 have been tendered and yielded significant value for ratepayers and contributed to an uplift in local jobs.

In the December quarter of 2020, the Commonwealth Department of Education, Skills and Employment December reported an unemployment rate in Ararat Rural City of 3.2%. This is considered full employment and sits a full 2% below the pre-pandemic unemployment rate of 5.2%.

Other highlights of major infrastructure projects that are creating local jobs and driving economic expansion include:

- Construction completion of new competition netball courts, a multipurpose clubroom and refurbishment of the Olver Stand at Alexandra Oval
- Construction completion of a multipurpose half-court, bouldering wall and the Ararat Dog Park as part of Ararat Active Link Stage 2 works
- Commencement of the Willaura Recreation Reserve Redevelopment delivering new female friendly facilities and the redevelopment of the main pavilion.



GOVERNANCE, MANAGEMENT AND OTHER INFORMATION

GOVERNANCE

Ararat Rural City Council is constituted under Act to provide leadership for the good governance of the municipal district and the local community. Council has a number of roles including:

- Taking into account the diverse needs of the local community in decision-making
- Providing leadership by establishing strategic objectives and monitoring achievements
- Ensuring that resources are managed in a responsible and accountable manner
- Advocating the interests of the local community to other communities and governments
- Fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that Council and its administration meet the community's priorities. The community has many opportunities to provide input into Council's decision-making processes including community consultation, public forums and the ability to make submissions to Council.

Council's formal decision-making processes are conducted through Council meetings. Council delegates the majority of its decision-making to Council employees. These delegations are exercised in accordance with adopted Council policies.



SPECIAL COMMITTEES - Council does not have any Special Committees



COUNCIL CODE of CONDUCT - Council adopted its revised Code of Conduct on 15 December 2020, which sets out the Councillor Conduct Principles, that assists Councillors to maintain the highest standard of conduct and behaviour as well as provide a means to deal with problems they may encounter.



CONFLICT OF INTEREST – Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of Conflict of interest is a standard Council meeting agenda item. During 2020/2021, 1 conflict of interest was declared at Council meetings.



COMMUNITY ENGAGEMENT – Council adopted its Community Engagement Policy on 23 February 2021.

MEETINGS OF COUNCIL

Council conducts open public meetings on the last Tuesday of each month. Council meetings also provide the opportunity for community members to submit questions to the Council.

Council continues to livestream the Council Meetings to engage with member of the community. Livestreaming began on 17 April 2018.

Council meetings also provide the opportunity for community members to submit a request to address Council or make a submission or presentation. For the 2020/2021 term Council held the following meetings:

- 11 ordinary Council meetings
- 3 unscheduled meetings
- 1 statutory meeting.

The following table provides a summary of Councillors attendance at Council meetings and Special Council meetings for the 2021/2022 financial year.

| Councillors | Council Meeting | Statutory Meeting | Unscheduled Council Meetings | Total |
|--------------------------------|-----------------|-------------------|------------------------------|-------|
| Cr Gwenda Allgood | 12 | 1 | 2 | 15 |
| Cr Jo Armstrong (Mayor) | 11 | 1 | 2 | 14 |
| Cr Rob Armstrong | 11 | 1 | 1 | 13 |
| Cr Peter Beales (Deputy Mayor) | 12 | 1 | 2 | 15 |
| Cr Henry Burridge | 11 | 1 | 1 | 13 |
| Cr Bob Sanders | 12 | 1 | 2 | 15 |
| Cr Bill Waterston | 11 | 1 | 2 | 14 |



MAYOR, DEPUTY MAYOR AND COUNCILLORS ALLOWANCES

In accordance with Section 39 of the Local Government Act 2020, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor and Deputy Mayor is also entitled to receive a higher allowance.

Prior to 18 December 2021, the State Government set the upper and lower limits for all allowances paid to Councillors and Mayors. Councils were required to set the values of Councillors and Mayoral allowances within the prescribed ranges.

From 18 December 2021 Mayors, Deputy Mayors and Councillors allowances are set by the Victorian Independent Remuneration Tribunal. Allowances are divided into three categories based, in this instance Ararat Rural City Council is recognised as a category one Council.

The following table contains details of current allowances fixed for the Mayor and Councillors during the year.

| Councillors | Allowance \$ |
|-----------------------------------|-----------------|
| Cr Gwenda Allgood | 23,649 |
| Cr Jo Armstrong* | 72,129 |
| Cr Rob Armstrong | 23,649 |
| Cr Peter Beales | 23,649 |
| Cr Henry Burridge | 23,649 |
| Cr Bob Sanders** | 30,740 |
| Cr Bill Waterston | 23,649 |
| *includes Mayoral Allowance | |
| **includes Deputy Mayor Allowance | |



COUNCILLOR EXPENSES

In accordance with Section 40 of the Local Government Act 2020, Council is required to reimburse a Councillor for expenses incurred whilst performing their duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to

discharge their duties. Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each Councillor paid by the Council.

The details of the expenses, including reimbursement of expenses for each Councillor paid by the Council for the 2021/2022 year are set out in the following table.

| Councillors | Attendances Meals/Dining \$ | Travel \$ | Conferences and Training \$ | Information and Communication Technology \$ | Mayoral Vehicle \$ | Total \$ |
|-------------------------------------|-----------------------------------|---------------|-----------------------------------|--|--------------------------|-----------------|
| Cr Allgood | 65.85 | | | 411.72 | | 477.57 |
| Cr J Armstrong | 165.85 | | 2,112.73 | 361.25 | | 2,639.83 |
| Cr R Armstrong | 115.85 | 978.95 | | 330.85 | | 1,425.65 |
| Cr Beales | 115.85 | | | 394.64 | | 510.49 |
| Cr Burridge | 65.85 | | | 336.82 | | 402.67 |
| Cr Sanders | 65.85 | | | 341.89 | | 407.74 |
| Cr Waterson | 115.85 | | | 391.80 | | 507.65 |
| Mayoral Vehicle – Cr J Armstrong | | | | | 2829.99 | 2,829.99 |
| Totals | 710.95 | 978.95 | 2,112.73 | 2,568.97 | 2829.99 | 9,201.59 |

MANAGEMENT

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks leads to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations.

The following items have been highlighted as important components of the management framework.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was established to support Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention, maintenance of a sound internal control environment, assurance activities including internal and external audit and Council's performance with regard to compliance with its policies and legislative and regulatory requirements.

The Audit and Risk Committee consists of three independent members, Mr Brian Keane (Chair), Mr Robert Tommasini and Ms Jessica Adler and two Councillors, Cr Jo Armstrong and Cr Henry Burridge. Independent members are appointed for a three-year term. Independent members may be reappointed for two additional three-year terms subject to satisfactory performance, that is, a maximum of nine years. The chair is elected by Council.

The Audit and Risk Committee meets four times a year. The Internal Auditor, Chief Executive Officer, Financial Services Coordinator and Governance and Risk Coordinator attend all Audit Committee meetings. Other management representatives attend as required to present reports. The external auditors and internal auditors attend as required to present reports.

The minutes of each Audit and Risk Committee meeting are subsequently reported to Council for information.

INTERNAL AUDIT

Council's internal audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. Council uses the services of an external provider who has extensive local government experience to carry out the internal audit function. A risk based four-year Strategic Internal Audit Plan (SIAP) is revised annually to ensure the audit resources remain focused on the appropriate areas.

The review process considers Council's risk framework, the Council Plan, the impact of any change on operations, systems or the business environment; prior audit coverage and outcomes and management input. The SIAP is reviewed and approved by the Audit and Risk Committee annually.

The Internal Auditor attends Audit and Risk Committee meeting as required to report on the status of the SIAP, to provide an update on the implementation of audit recommendations and to present findings of completed reviews. All audit issues identified are risk rated. Recommendations are assigned to the responsible officers and tracked through Council's internal compliance framework.

The Internal Auditor completed the following reviews during 2021/2022:

- Risk Assessment for four-year Internal Audit Program
- Depot Operations – operational review
- Past Issues Review
- Cash Handling
- Building Services Unit
- Asset Management - Road Asset

EXTERNAL AUDIT

Council is externally audited by the Victorian Auditor-General. For the 2021/2022 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attend Audit and Risk Committee meetings as required, to present the annual audit plan and Independent Audit Report. The external audit management letter and management's responses are also provided to the Audit and Risk Committee.

RISK MANAGEMENT

Council's commitment to risk management has supported Council's progression of having an embedded risk management culture. Council continues to work towards being an organisation that works to reduce risk in all its operations whilst balancing risk with innovation by meeting the requirements of the Council Plan 2021-2025 strategic objectives;

6 Strong and Effective Governance

We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices.

6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation and rating fairness.

6.2 Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk.

6.3 Continuously improve Council's community engagement process and practices in line with deliberative engagement practices, while acknowledging the need for a range of different techniques to ensure effective engagement.

In September 2021 Council adopted the Risk Management Policy and Risk Management Framework in line with best practice in the management of business enterprise risks and current AS/NZS ISO 31000 principles and guidelines. The Risk Management Policy and Risk Management Framework addresses such items as:

- Risk management culture
- Communication and training
- Best practice in risk management
- Responsibilities of and to internal and external stakeholders
- Risk registers and risk management software
- The Council planning cycle, budget cycle and annual audit cycle
- A performance measurement system to determine the effectiveness of the policy and framework.



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GOVERNANCE AND MANAGEMENT CHECKLIST

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

| Governance and Management Items | Assessment |
|---|--|
| 1 Community engagement policy (policy under section 55 of the Act outlining Council's commitment to engaging with the community on matters of public interest) | Adopted in accordance with section 55 of the Act Date adopted: 23 February 2021 |
| 2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community) | Community Engagement Policy includes: Appendix 2 Community Engagement Template and Appendix 3 Engagement Checklist included Date adopted 23 February 2021 |
| 3 Financial Plan (plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years) | Adopted in accordance with section 91 of the Act Date adopted 26/10/2021 |
| 4 Asset Plan (plan under section 92 of the Act setting out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years) | Adopted in accordance with section 92 of the Act Asset Plan adopted 28 June 2022 |
| 5 Revenue and Rating Plan (plan under section 93 of the Act setting out the rating structure of Council to levy rates and charges) | Adopted in accordance with section 93 of the Act Date of adoption: 29 June 2021 |
| 6 Annual budget (plan under section 94 of the Act setting out the services to be provided and initiatives to be undertaken during the budget year and the funding and other resources required) | Adopted in accordance with section 94 of the Act Date of adoption: 28 June 2022 |
| 7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations) | Policy Date of commencement of current policy: 21 September 2021 |
| 8 Fraud policy (policy outlining council's commitment and Policy approach to minimising the risk of fraud) | Policy Date of commencement of current policy: 28 June 2022 |
| 9 Municipal emergency management plan (plan under section 60ADB of the Emergency Management Act 2013 for emergency mitigation, response and recovery) | Prepared and maintained in accordance with section 60ADB of the Emergency Management Act 2013 Date of preparation: 21 July 2020 |
| 10 Procurement policy (policy under section 108 of the Act outlining the principles, processes and procedures that will apply to the purchase of goods and services by the Council) | Adopted in accordance with section 108 of the Act Date of adoption: 25 January 2022 |
| 11 Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster) | Business Continuity Plan Date of commencement of current plan: 01 October 2020 |

| Governance and Management Items | | Assessment |
|---------------------------------|---|---|
| 12 | Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster) | Disaster Recovery Plan Date of commencement of current plan: 27 January 2010 |
| 13 | Risk management framework (framework outlining Council's approach to managing risks to the Council's operations) | Risk Management Framework: Date of commencement of current framework: 21 September 2021 |
| 14 | Audit and Risk Committee (see sections 53 and 54 of the Act) | Established in accordance with section 53 of the Act Date of establishment: 17 June 1997 |
| 15 | Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls) | Engaged Date of engagement of current provider: 23 December 2008 |
| 16 | Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Local Government Act 2020) | Framework Date of operation of current framework: 1 July 2014 |
| 17 | Council Plan report (report reviewing the performance of the council against the council plan, including the results in relation to the strategic indicators, for the first six months of the financial year) | Council Plan Action Report Date of reports: 25 January 2022, 29 March 2022 and 28 June 2022 |
| 18 | Quarterly budget reporting (quarterly reports to the Council under section 97 of the Local Government Act 2020, comparing actual and budgeted results and an explanation of any material variations) | Reports presented to Council in accordance with section 97(1) of the Local Government Act 2020 Date reports presented: 21 September 2021, 26 October 2021, 22 February 2022 and 26 April 2022 |
| 19 | Risk reporting (6-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies) | Reports Date of Reports: 07 September 2021, 01 March 2022 and 07 June 2022 |
| 20 | Performance reporting (6-monthly reports of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Local Government Act 2020) | Reports Date of reports: 21 September 2021, 26 October 2021, 22 February 2022 and 26 April 2022 |
| 21 | Annual report (annual report under sections 98,99 and 100 of the Local Government Act 2020 containing a report of operations and audited financial and performance statements) | Presented at a meeting of Council in accordance with section 100 of the Act Date presented: 30 November 2021 |

| Governance and Management Items | Assessment |
|---|---|
| 22 Councillor Code of Conduct (Code under section 139 of the Act setting out the standards of conduct to be followed by Councillors and other matters) | Reviewed and adopted in accordance with section 139 of the Act Date reviewed: 15 December 2020 |
| 23 Delegations (documents setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff, in accordance with sections 11 and 47 of the Act) | Reviewed in accordance with section 11(7) of the Act and a register kept in accordance with sections 11(8) and 47(7) of the Act Date of review: S5 27 July 2021, S6 22 February 2022, S7 7 February 2022, S12 10 March 2022, S13 7 February 2022, S14 28 July 2021, S16 2 February 2022 S18 27 July 2021 |
| 24 Meeting procedures (Governance Rules under section 60 of the Act governing the conduct of meetings of Council and delegated committees) | Governance Rules adopted in accordance with section 60 of the Act Date Governance Rules adopted: 25 August 2020 |

I certify that this information presents fairly the status of Council's governance and management arrangements.



Dr Tim Harrison
Chief Executive Officer

Dated: 21 September 2022



Cr Jo Armstrong
Mayor

Dated: 21 September 2022

STATUTORY INFORMATION

The following information is provided in accordance with legislative and other requirements applying to council.

PUBLIC TRANSPARENCY POLICY

The Public Transparency Policy supports Council in its ongoing drive for good governance and the importance of transparent, open and accountable conduct and how council information is to be made publicly available. It gives effect to the Public Transparency Principles of:

- (a) Council decision making processes must be transparent except when the Council is dealing with information that is confidential by virtue of this Act or any other Act;
- (b) Council information must be publicly available unless—
 - (i) the information is confidential by virtue of this Act or any other Act; or
 - (ii) public availability of the information would be contrary to the public interest;
- (c) Council information must be understandable and accessible to members of the municipal community;
- (d) public awareness of the availability of Council information must be facilitated.

FREEDOM OF INFORMATION

In accordance with section 7(4AA)(a) and 7(4AA)(b) of the Freedom of Information Act 1982, Council is required to publish certain statements in their annual report or separately such as on its website, concerning its functions and information available.

Council received four requests during the year (0 in 2020/2021) for information relating to the Freedom of Information Act 1982. The following is a summary of the application and operation of the Freedom of Information Act 1982.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in section 17 of the Freedom of Information

Act 1982 and in summary as follows:

- it should be in writing
- it should identify as clearly as possible which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of Council should be addressed to the Freedom of Information Officer. Requests can also be lodged online or by email.

Access charges may also apply once documents have been processed and a decision on access is made (eg Photocopying and search and retrieval charges).

Further information regarding FOI can be found at www.foi.vic.gov.au or on the Council website www.ararat.vic.gov.au.

CONTRACTS

During the year Council did not enter into any contracts valued at \$150,000 or more for services or \$200,000 or more for works without engaging in a competitive process.

DISABILITY ACTION PLAN

In accordance with section 38 of the Disability Act 2006, as Council has prepared a Disability Action Plan which is referred to as the Community Access Strategy, it must report on the implementation of the strategy/ plan in its annual report.

During 2021/2022 Council has continued to ensure activities under its jurisdiction are accessible to people with a disability through the implementation of the Community Access Strategy. The Community Access Strategy contains strategies to ensure Council's buildings, infrastructure, and recreation facilities are accessible to all people in the community and that Council's policies and procedures are inclusive and equitable. The Community Access Strategy is **scheduled to be reviewed in 2022.**

DOMESTIC ANIMAL MANAGEMENT PLAN (DAMP) STATISTICS & DATA (2020/2021)

In accordance with the Domestic Animals Act 1994, Council is required to prepare a Domestic Animal Management Plan at four yearly intervals and evaluate its implementation in the annual report.

COUNCIL ADOPTED THE DOMESTIC ANIMAL MANAGEMENT PLAN

2017-2021, and no amendments where required. A new plan will be developed through consultation with external stakeholder and Council departments prior to the 4 December 2021.

| Category | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 |
|-----------------------------------|-----------|-----------|------------------|-----------|
| Dogs | | | | |
| Number registered | 2279 | 1888 | 1658 | 1600 |
| Impounded by Council | 147 | 108 | 111 | 93 |
| Surrendered by public | 19 | 20 | 17 | 13 |
| Adopted | 31 | 9 | 5 | 7 |
| Rescue Organisation | 18 | 35 | 24 | 15 |
| Euthanised | 2 | 4 | 3 + 1 deceased | 3 |
| Reclaimed | 114 | 80 | 78 | 81 |
| Cats | | | | |
| Number Registered | 674 | 547 | 494 | 462 |
| Impounded by Council | 117 | 172 | 138 | 101 |
| Surrendered by public | 48 | 21 | 12 | 8 |
| Adopted | 43 | 28 | 19 | 19 |
| Rescue Organisation | 42 | 101 | 59 | 22 |
| Euthanised | 77 | 53 | 40 + 10 deceased | 57 |
| Reclaimed | 3 | 11 | 10 | 11 |
| Domestic Animal Business/shelters | 4 | 4 | 5 | 4 |

Council continued to work with rescue organisations over the past year, resulting in Council achieving the target of less than 7% of dogs (2.8%) entering the pound being euthanised.

No dogs were euthanised due to an inability to rehouse them.

Dogs euthanised were injured in an accident or old and suffering from respiratory problems and surrendered by their owners due to the inability to care for the animal. One dog was deceased at the owners property and required help with disposal.

All domesticated cats are reunited with their owners, rehoused with rescue groups or adopted by the public from the pound.

The 54.3% of cats impounded that were euthanised in 2020/2021 were a result of the feral cat trapping program.

A total of 45.7% of impounded cats were rehoused either with a rescue organisation or adopted directly from the pound or returned to their owners.

FOOD ACT MINISTERIAL DIRECTIONS

In accordance with section 7E of the Food Act 1984, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

No such Ministerial Directions were received by Council during the financial year.

PUBLIC INTEREST DISCLOSURE PROCEDURES

Council is committed to a culture of corporate compliance and ethical behaviour and supports the aims and objectives of the Public Interest Disclosure Act 2012. It recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal improper conduct. It does not tolerate improper conduct by the organisation, its employees or Councillors, nor the taking of detrimental action in reprisal against those who come forward to disclose such conduct.

As per the requirements of the Act, Council has in place a procedure outlining the requirements to make a public interest disclosure complaint regarding improper conduct. The procedure is available Council's website.

During the 2021/2022 year one disclosure were notified to Council officers appointed to receive disclosures, or to Independent Broad Based Anti-Corruption Commission (IBAC).

ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

In accordance with section 22 of the Road Management Act 2004, Council must publish a copy or summary of any Ministerial direction in its annual report. No such Ministerial Directions were received by Council during the financial year.

INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS

In accordance with section 46GM and 46QD of the Planning and Environment Act 1987, a Council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. No such infrastructure or development contributions were received by Council this financial year.





Elders

Elders

ollar curtains + blinds

ollar curtains + blinds

KEEP LEFT

No parking sign

TOYOTA

OUR PERFORMANCE

INTEGRATED STRATEGIC PLANNING AND REPORTING FRAMEWORK

Part 4 of the Local Government Act 2020 requires councils to prepare the following:

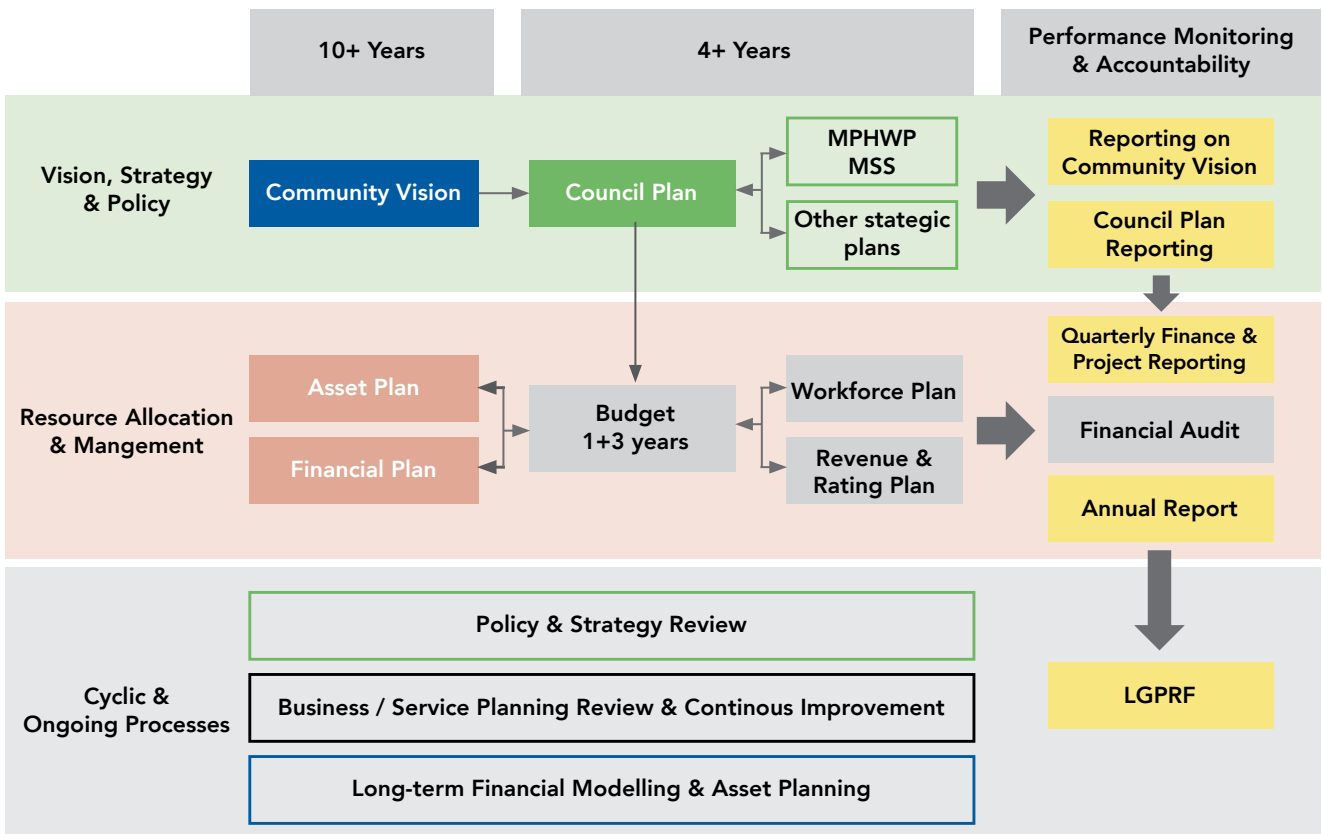
- A Community Vision (for at least the next 10 financial years);
- A Council Plan (for at least the next 4 financial years);
- A Financial Plan (for at least the next 10 financial years);
- An Asset Plan (for at least the next 10 financial years);
- A Revenue and Rating Plan (for at least the next 4 financial years);
- An Annual Budget (for the next 4 financial years);

- A Quarterly Budget Report;
- An Annual Report (for each financial year); and
- Financial Policies.

The Act also requires councils to prepare:

- A Workforce Plan (including projected staffing requirements for at least 4 years);

The following diagram shows the relationships between the key planning and reporting documents that make up the integrated strategic planning and reporting framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback.



COUNCIL PLAN

The Ararat Rural City Council Plan 2021-2025 includes strategic objectives, strategies for achieving these for the four-year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the five strategic objectives as detailed in the Council Plan.

| | |
|--|--|
| 1. Growing Our Place | We will create the settings to support growth across our municipality through an improved planning scheme, actively pursuing new housing options and exploring models for in-migration. |
| 2. Building Robust Local Economies | We will develop strong relationships to build and strengthen a diverse local economy, focussed on creating jobs and wealth through adding value to existing strengths in agriculture, manufacturing, tourism and hospitality. |
| 3. Preserving Our Environment | We will take pragmatic approaches to ensuring that Ararat Rural City Council takes a regional lead in responsible environmental management and engagement with the circular economy. |
| 4. Developing and Maintaining Key Enabling Infrastructure | We will ensure that we plan, fund and develop new infrastructure in ways that delivers strong public value. Existing infrastructure will be managed, renewed, and maintained to ensure that it continues to serve identified public needs. |
| 5. Enhancing Community Life | We will work with the communities of Ararat Rural City to maintain social cohesion, support community activity and cultural life, and enhance safety. |
| 6. Strong and Effective Governance | We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices. |

PERFORMANCE

Council's performance for the 2021/2022 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the 2021-2025 Council Plan.

Performance has been measured as follows:

- Results achieved in relation to the strategic indicators in the Council Plan.
- Progress in relation to the major initiatives identified in the budget.
- Services funded in the budget and the persons or sections of the community who are provided those services.
- Results against the prescribed service performance indicators and measures.

Key

| | |
|------------------|---|
| Completed | ✓ |
| Not Completed | ✗ |
| Ongoing | → |
| Not Started | ✎ |

STRATEGIC OBJECTIVE 1: OUR COMMUNITY

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan. The statement also reviews the progress of Council in relation to major initiatives identified in the 2021/2022 budget for the year.

| Strategic Indicator/measure | Result | Comments |
|---|--------|--|
| Commence consultation and implementation of new Planning Scheme. | ✘ | Review of current scheme is complete to be received at the February 2022 Council meeting. |
| Development of a Transitional Worker Housing project. | ✘ | Project partners identified and Heads of Agreement for a rental guarantee being negotiated. |
| Develop a potential Public Private Partnership (PPP) model for development of affordable housing. | ✓ | Model has been developed and a Heads of Agreement has been negotiated with a potential investor. |
| Explore feasibility of development of state-owned land with Development Victoria. | ✓ | Council has worked with Development Victoria to explore opportunities to develop Crown Land in Ararat. The project has not moved forward due to complexities around land acquisition. |
| Develop an alternate access to the Ararat East Development Zone based on successful State Government funding. | ✓ | State funding secured through the Workforce Pilot Program. Design, CHMP and environmental study is in place. Construction will be completed in-house by October 2022. |
| Seek funding from the Victorian State Government to support a significant in-migration project to support population growth. | ✓ | Trunk road and drainage infrastructure gained through the State Government Workforce Pilot Program (\$950,000). An additional fund was provided to support Transitional Worker Housing projects (\$300,000). |
| Seek funding support from Victorian State Government for key trunk infrastructure to assist in de-risking private sector housing development. | ✓ | Funding was received under the Workforce Pilot project to support a project with the Wyndham Community Education Centre to support in-migration and support population growth (\$650,000). |
| Seek funding for a workforce pilot program to support employment attraction initiatives. | ✓ | Funding received under the Workforce Pilot project to support employment attraction (\$281,000). Carmel Goulding appointed as Workforce Pilot Lead. |

The following statement provides information in relation to the services funded in the 2021/2022 budget and the persons or sections of the community who are provided the service. The figures presented are based on the cash basis of accounting.

| Service | Description | Net Cost Actual Budget Variance \$000 |
|-----------------------------|---|---|
| Planning | <p>This statutory planning service is responsible for administering the Ararat Rural City Council Planning Scheme including the strategic land use and policy planning.</p> <p>The department processes planning permit applications including subdivision compliance certificates and planning permit amendments. The department also manages planning activities compliance.</p> <p>The planning department also considers new planning scheme amendment proposals and reviews the Municipal Strategic Statement of the Ararat Planning Scheme.</p> | <p>360</p> <p><u>367</u></p> <p>7</p> |
| Building Control | <p>This service provides statutory building services to the Council community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.</p> | <p>125</p> <p><u>125</u></p> <p>0</p> |
| Environmental Health | <p>This service protects the community's health and well-being by coordinating food safety programs, Tobacco Act activities, oversees wastewater systems and installations. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.</p> | <p>138</p> <p><u>129</u></p> <p>(9)</p> |

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|--|------------------|------------------|------------------|------------------|---|
| Statutory Planning | | | | | |
| Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application] | 57 | 33 | 31 | 41 | Council again saw an increase in planning applications this financial year. The past two years has seen a more than 50% increase of planning applications received. The time taken to decide planning applications has increased slightly compared to the previous year due to the number and complexity of applications. Council continues to actively work towards a reduction in time taken to decide on applications. |
| Service standard Planning applications decided within required timeframes [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100 | 60.00% | 75.00% | 80.67% | 90.98% | Although Council processed a greater number of applications, we have achieved an increase in the percentage of decisions made within legislated timeframes, improving by 12% on last years result. Council continues to actively work toward a greater reduction in processing times. |
| Service cost Cost of statutory planning service [Direct cost of statutory planning service / Number of planning applications received] | \$2,976.70 | \$2,056.06 | \$1,685.46 | \$2,340.69 | The cost of the statutory planning service per application has increased due to additional resourcing in the planning team, to provide greater service delivery processing timely applications. Although not taken into account in this indicator, revenue for the service from planning related fees and charges has increased by 53% from 2020/2021. |
| Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 | 0.00% | 0.00% | 0.00% | 100% | There was one VCAT decision in 2021/2022, and none in the last 3 years. The VCAT decision upheld Council's decision. |

STRATEGIC OBJECTIVE 2: BUILDING ROBUST LOCAL ECONOMIES

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan. The statement also reviews the progress of Council in relation to major initiatives identified in the 2021/2022 budget for the year.

| Strategic Indicator/measure | Result | Comments |
|--|--------|---|
| Ararat Jobs and Technology Precinct established with 4 PhD scholars appointed in 2021/2022. | ✓ | Ararat Jobs and Technology Precinct established. 3 PhD and 2 Masters by research Scholarships have been funded through the Destination Australia Scheme. An additional scholarship will be funded by Council to support the Municipal Public Health and Wellbeing Plan. A scholarship has been negotiated to support the development of Council's new planning scheme. Appointments of 3 PhD students and 1 Masters Student have been made. |
| Develop a community digital hub and co-working space. | ✓ | Project complete. Digital Hub and Coworking space opened by 30 November 2021. |
| Commence consultation with stakeholders to the develop the concept of a Business Park in the municipality. | ✓ | Business Park identified as a key advocacy project by Council for the 2022 Federal and State Elections. Consultations with RDV and Pacific Heat and Power have been undertaken regarding funding and attraction of tenants. |
| Continue to support the development of biomass power facility. | → | The biomass power facility is progressing well. It has successfully completed FEL1 design and is progressing to FEL2. Over 140,000 tonnes of straw have been committed to provide feedstock. |
| Implement new funding model Grampians Tourism. | ✓ | The timing of this project is inopportune given implementation of changes in the Arts, Culture and Heritage space. |
| Continuation of business facade program. | ✓ | 2021/2022 Façade Grant program rolled out. |

The following statement provides information in relation to the services funded in the 2021/2022 budget and the persons or sections of the community who are provided the service. The figures presented are based on the cash basis of accounting.

| Service | Description | Net Cost Actual Budget Variance \$000 |
|----------------------|---|---|
| Economic Development | The economic development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access to employment. Provides an advisory information and support service for local and potential businesses and community groups. This service includes the Visitor Information Centre operations. | 508 620 112 |

MATERIAL VARIATION EXPLANATIONS:??

Economic Development -



STRATEGIC OBJECTIVE 3: PRESERVING OUR ENVIRONMENT

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan. The statement also reviews the progress of Council in relation to major initiatives identified in the 2021/2022 budget for the year.

| Strategic Indicator/measure | Result | Comments |
|---|--------|--|
| Fully implemented new Waste Management Plan, aligned with circular economy outcomes by 30 June 2022. | ✘ | Council has agreed to the Waste Management Plan. Implementation is progressing well. Full four bin program and local processing will be rolled out by 3 October 2022. |
| Council adopts Waste Management Pathway Plan at the October 2021 Council Meeting. | ✓ | Plan adopted by Council at the October 2021 Council meeting. |
| Continue to support the development of biomass power facility. | → | The biomass power facility is progressing well. It has successfully completed FEL1 design and is progressing to FEL2. over 140,000 tonnes of straw have been committed to provide feedstock. |
| Work with Pomonal Power and BREAZE to undertake a feasibility study for an innovative local power solution. | → | Working to assist Pomonal power and Breeze to conduct the feasibility study. |
| Establish Environment Working Group comprising scientific/technical and community membership. | ✓ | Working group made up of scientific and community members has been established through invitation and expression of interest. |
| Environment Working Group, working with consultants, develops Environment Strategy 2021-2031. | ⚠ | This project will commence once the Environment Working Group forms and commences work. |
| Implementation of Environment Strategy. | ⚠ | Implementation of the ARCC Environment Strategy will commence once it is developed by the Environment Working Group. |

The following statement provides information in relation to the services funded in the 2021/2022 budget and the persons or sections of the community who are provided the service. The figures presented are based on the cash basis of accounting.

| Service | Description | Net Cost Actual Budget Variance \$000 |
|---|---|---|
| Waste Management | This service provides waste collection including kerbside collections of garbage from all properties in the designated collection districts. This service provides kerbside collections of recyclable materials from residential properties in the designated collection districts. This service also manages the transfer stations situated throughout the municipality. This service includes capital expenditure on waste management. | 540 <u>0</u> (540) |
| Natural Resources & Sustainability | This service promotes environmentally sustainable development principles, coordinates and implements environmental projects and works with other services to improve Council's environmental performance. Projects include roadside weeds and pests and renewable energy projects. | 106 <u>73</u> (33) |
| Parks and Gardens | This service covers a range of areas such as grass and turf cutting, tree pruning, planting, removal, planning and street tree strategies, management of conservation and parkland areas, creeks and other areas of environmental significance. This service also includes playground maintenance and safety improvement programs. This service covers capital works relating to Parks and Gardens. | 1,345 <u>1,316</u> 29 |
| Emergency Services Management | This service includes emergency services management and fire prevention. | 93 <u>56</u> (37) |

MATERIAL VARIATION EXPLANATIONS:??

Waste Management -

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in comments.

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|---|------------------|------------------|------------------|------------------|---|
| Waste Collection | | | | | |
| Satisfaction | 58.08 | 70.16 | 71.49 | 119.05 | This indicator represents the number of requests from the community to replace stolen or damaged bins, change services or have bins repaired. The large increase in requests from last year can be attributed to 2 factors, ageing bin stock resulting in more broken bins and bins needing repair, and Council establishing a better reporting system with contractors for receiving and actioning requests and more accurately capturing the number of requests. |
| <i>Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000</i> | | | | | |
| Service standard | 4.13 | 4.46 | 6.99 | 4.80 | Due to a better reporting system and working closely with our waste contractor Council has seen a decrease in the amount of kerbside bins being missed, however have seen an increase of replacement/damaged bin requests due to ageing bin stock. |
| <i>Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000</i> | | | | | |
| Service cost | \$144.96 | \$152.80 | \$174.65 | \$181.96 | The cost of kerbside garbage bin collection service remained comparable with the previous year with a 4.19% variation. Council have made the decision to in-house waste services in the new financial year, aiming at delivering a more cost effective and efficient service to ratepayers. The cost of kerbside garbage bin collection service remained comparable with the previous year with a 4.19% variation. Council have made the decision to in-house waste services in the new financial year, aiming at delivering a more cost effective and efficient service to ratepayers. |
| <i>Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</i> | | | | | |
| <i>Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</i> | \$77.14 | \$76.87 | \$83.96 | \$88.30 | |
| Waste Diversion | 25.95% | 25.19% | 23.96% | 21.02% | Waste diverted from landfill is slightly less than previous years, and quite low compared to state average. Council is working with contractors, neighbouring Councils and the waste and resource recovery group to establish opportunities for reducing the amount of waste being sent to landfill. |
| <i>Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i> | | | | | |

STRATEGIC OBJECTIVE 4: OUR ENVIRONMENT

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan. The statement also reviews the progress of Council in relation to major initiatives identified in the 2021/2022 budget for the year.

| Strategic Indicator/measure | Result | Comments |
|--|--------|--|
| Undertake complete review of assets management, including systems, physical asset management, valuation and financial models. | ✓ | Asset management teams was established. An asset management schema was developed and adopted by Council. Asset Plan 2022-2032 was developed. |
| Commence planning and negotiation with Regional Roads Victoria to develop a north– south heavy vehicle route for the Pyrenees Hwy. | ✗ | Initial discussions and route planning have commenced with Regional Roads Victoria. |
| Complete 2020-2022 Roads Capital Works Plan. | ✗ | The Capital works program is progressing well with most rural roads finished. Works on Dean Street and Baird Street have been completed. |
| Implement sealed road shoulder maintenance program. | ✓ | Works have been completed. |
| Undertake the 2021/2022 footpath and cycleway maintenance program. | ✗ | Planning has commenced and the program will be completed by 30 June 2022. |
| Plan and undertake the drainage renewal program. | ✗ | Planning has commenced and the program will be completed by 30 June 2022. Learnings for the extreme weather events on the 6 & 7 January 2022 will form part of the planning piece. |
| Planning and funding models for rural roads “spine” developed and endorsed by Rural Roads Group. | → | Planning underway and funding models being explored and negotiated with government. Reconstruction of a significant length of Mt William Road near Lakaput Bulk Storage Facility is a key element of this work. |
| Policy and framework developed for sealing urban gravel roads and significant urban laneways. | ✗ | Policy development underway - identified as a key element of the Asset Plan 2022-2032. |
| Undertake a feasibility study for redevelopment of McDonald Centre (jointly with Grampians Community Health). | ✗ | Discussions have commenced with Grampians Community Health. This project is a key element of Council’s advocacy plan in the lead up to the 2022 State and Federal elections. |
| Work with the Lake Bolac Hall Committee to complete preliminary design for Lake Bolac Hall refurbishment. | ✘ | Discussion with the Lake Bolac Hall Committee to commence in first half of 2022. |
| Undertake the Ararat Fitness Centre Feasibility Study. | ✓ | Work commenced on the study with community engagement undertaken in January/February 2022. Work is progressing and will be completed in accordance with the funding agreement. The feasibility study has been completed. |
| Implementation of key infrastructure projects from the Asset Plan 2021-2031 during the planning period. | ✓ | Key infrastructure projects have been identified for the Asset Strategy. The majority of work in 2021/2022 will be in the planning and funding space. |
| Provide free public WiFi services Ararat. | ✗ | This project has commenced and due for completion in 2022. |
| Implement Pomonal Tunnel Track Linkage Plan. | ✗ | Work has commenced on planning of the site requirements. |

| Strategic Indicator/measure | Result | Comments |
|---|--------|--|
| Implement Gordon Street Recreation Reserve Redevelopment. | ✓ | Work has commenced on site and milestone tender requirements were extended out to 31.03.2022 to obtain costings that adhere to the budget. Tender has been awarded and work on the construction of the pavilion has now commenced in line with the funding milestones. |
| Undertake renovation and extension of the Buangor Recreation Reserve kitchen. | ✗ | Three design proposals have been developed for community consideration. |
| Undertake renovation of the Lake Bolac Complex kitchen. | ✗ | The “complex” kitchen is now managed by the Lake Bolac Golf Club under a lease agreement with Council. Discussions have commenced around kitchen design to meet the Golf Club’s needs. |



The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in comments.

| Service | Description | Net Cost Actual Budget Variance \$000 |
|---|--|---|
| Design & Project Management | This service conducts capital works planning for Council's main civil infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include roads, laneways, car parks, foot/bike paths, drains, bridges and streetscapes. This service undertakes design and supervision of various works within Council's capital works program. | 303 <u>94</u> (209) |
| Property Maintenance & Capital | This service prepares maintenance management programs for Council's property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings. The service also includes emergency building and facility maintenance. This service includes capital expenditure on Council's property assets in order to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings. | 537 <u>845</u> 308 |
| City Services | This service includes street lighting and Aerodrome operations. The service also includes the cleaning of Council's buildings, and the operations, maintenance and cleaning of public conveniences throughout the municipality. | 662 <u>650</u> (12) |
| Infrastructure – Miscellaneous | This service includes private works, maintenance of water supplies and emergency bores, and natural disaster response and recovery works. | 21 <u>64</u> 43 |
| Road Maintenance | This service provides for maintenance on Council's infrastructure incorporating roads, bridges, drainage, footpaths, kerb and channel, street furniture, line marking and signage. This service also includes the program of road inspections as part of the Road Management Act and Council's Road Management Plan for Council managed local roads. Oncosts and overhead recoups are included in this service. | 3,530 <u>3,347</u> (183) |
| Major Plant | This service operates, maintains and purchases Council's major plant and equipment, to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet. | 1,141 <u>1,700</u> 559 |
| Major Plant Recoups | Plant used on works generates plant hire income used to fund operations and maintenance and the replacement of the major plant. | (1,149) <u>(1,700)</u> (551) |
| Minor Plant | This service purchases and maintains Council's minor plant and equipment, including trailers | 21 <u>15</u> (6) |
| Infrastructure Capital | This service provides for capital expenditure on Council's infrastructure incorporating roads, bridges, drainage, footpaths, kerb and channel, and car parks. | 1,010 <u>2,947</u> (1,937) |
| Funded Infrastructure Projects-Capital | | 1,398 <u>949</u> (449) |
| Asset Management | This service predominantly provides asset management services. The service also approves and supervises private development activities such as subdivisions and infrastructure associated with unit developments. | 551 <u>62</u> (489) |



MATERIAL VARIATION EXPLANATIONS:??

Design & Project Management -

Property Maintenance & Capital -

Road Maintenance -

Major Plant & Major Plant Recoups -

Infrastructure Capital -

Funded Infrastructure Projects-Capital -

Asset Management -

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in comments.

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|---|---------------------|---------------------|---------------------|---------------------|--|
| Roads | | | | | |
| Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100 | 10.73 | 6.23 | 12.13 | 4.64 | There has been a significant decrease in the amount of requests Council has received in regard to sealed road maintenance. This can be attributed to increased spend on capital works (reconstruction and resealing) to Council's road network in the 2021-2022 financial year. Council continues to encourage the community to submit a customer request in order to lodge issues with Council maintained roads. |
| Condition Sealed local roads maintained to condition standard [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100 | 99.41% | 100.00% | 100.00% | 100.00% | Council has had no roads fall below the renewal intervention level this year. A proactive approach by Council's roads team has seen maintenance conducted regularly and pro-emptively, to ensure sealed roads remain at condition standard. |
| Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed] | \$72.42 | \$51.62 | \$62.08 | \$42.80 | Council's 2020/2021 result was adjusted after final submission to be \$52.00. A further reduction in 2021/2022 to \$42.80 reflects a saving through economies of scale, primarily due to a large capital works program, an excellent result as Council strives to reduce the asset renewal gap attributed to its road network. 2021/2022 saw an increase in seal cost per square metre. Council is confident that the cost per square metre specific to sealed road remains at a very competitive level and accurately reflects Council's diligence to seek best price for road sealing contracts. |
| Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed] | \$3.51 | \$5.65 | \$5.09 | \$6.70 | |
| Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads] | 50 | 56 | 59 | 58 | This result reflects steady sentiment around community satisfaction with Council's local roads compared to recent years. It is envisaged that the ongoing investment in road renewal outlined in Council's budget 2021/2022 will continue to improve community satisfaction in the longer term. |

STRATEGIC OBJECTIVE 5: ENHANCING COMMUNITY LIFE

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan. The statement also reviews the progress of Council in relation to major initiatives identified in the 2021/2022 budget for the year.

| Strategic Indicator/measure | Result | Comments |
|--|--------|--|
| Work with the Friends of Gum San to explore a model for improving the viability of Gum San. | ✓ | An MoU has been negotiated with the Friends of Gum San for management of the site. The Friends of Gum San opened the Gum San Chinese Heritage Centre on 2 June 2022. |
| Develop the Ararat Regional Library Strategy. | ✓ | 5-year Strategy complete and action plan currently being implemented. |
| Establish a Town Hall Users Group to provide advice on issues relating to the operations of the Town Hall. | ✓ | Town Hall user group established, will hold first meeting in July 2022. |
| Establish a TAMA Gallery Reference Group to provide advice on the operations of TAMA. | ✗ | The TAMA Gallery Reference group is currently being formed with professional artist members appointed and recruitment underway of community members. |
| Promote the benefits and achievements of volunteers to encourage participation. | → | This is an ongoing Council role. |
| Facilitate networks/partnerships with community groups | → | Council will continue to increase its level of involvement with and support for community groups across the municipality. Council's Community grants to be publicised across municipality. |
| Review the Access and Inclusion Policy | ✧ | <i>This important project will be carried forward to the Annual Plan 2022/2023.</i> |
| Develop a Gender Equality Policy. | ✓ | Gender Equality Action Plan submitted to the Gender Equality Commission 25 March 2022. |
| Commence a process of establishing respectful and productive relationships with traditional owner organisations. | ✧ | <i>This important project will be carried forward to the Annual Plan 2022/2023.</i> |

The following statement provides information in relation to the services funded in the 2021/2022 budget and the persons or sections of the community who are provided the service. The figures presented are based on the cash basis of accounting.

| Service | Description | Net Cost Actual Budget Variance \$000 |
|----------------------------|--|---|
| Ararat Gallery TAMA | This service includes the operations, projects, exhibitions, acquisitions and administration of the Ararat Gallery TAMA. | 191 <u>302</u> 111 |
| Ararat Town Hall | This service operates and manages the Ararat Town Hall which provides artistic programs for the region. | 291 <u>393</u> 102 |

| Service | Description | Net Cost Actual Budget Variance \$000 |
|---|---|---|
| Gum San Chinese Heritage Museum | This service includes the operations and marketing of the Gum San Chinese Heritage Museum. | 60 <u>61</u> 1 |
| Community & Events Support | This service provides for community event development and support and other community building initiatives. | 139 <u>208</u> 69 |
| Recreation Services | is service includes providing a range of recreational facilities including employment of a municipal recreation officer. | 30 <u>35</u> 5 |
| Ararat Fitness Centre & Outdoor Pools | This service includes the operation of the Ararat Fitness Centre and aquatic facilities, indoor (1) and outdoor swimming pools (3). The indoor sports centre provides an extensive range of recreational programs and opportunities accessible to individuals of all ages, genders and abilities which contribute to the general wellbeing of the community. | 739 <u>627</u> (112) |
| Alexandra Oval Community Centre & Great Hall | This service operates and maintains the community centre at Alexandra Oval. The facility provides the Ararat and greater Grampians community, clubs and businesses with a centrally located new high quality, modern, flexible and dynamic multipurpose community and recreation space. It also includes the operations of the Great Hall function centre located at the Gum San Chinese Heritage Museum. | 50 <u>36</u> (14) |
| Library Services | This service provides public library services at the Ararat Library and the Lake Bolac Business and Information Centre. This provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered. A library outreach service is offered to residents in rural townships that involves library staff delivering ordered books. This service covers capital expenditure relating to library services e.g library books. | 170 <u>188</u> 18 |
| Home and Community Care - Aged Services | This service provides a range of home and community care services for the aged and disabled including home delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen centre. | 112 <u>(9)</u> (121) |
| Home and Community Care - Commercial Care | This service provides a range of services on behalf of external agencies for the aged and disabled including home delivered meals, personal care, transport, dementia care and home maintenance. External agencies include Villa Maria and Grampians Community Health. | |
| Children Services | This service provides family oriented support services including maternal and child health, immunisation and early childhood education and support. The service also provides baby capsule hire to residents. | (25) <u>55</u> 80 |
| Community Safety | This service includes local laws enforcement. This service includes parking fees and fines, public safety and traffic control. This service maintains and improves the health and safety of people, animals and the environment in Council by providing animal management services including a cat trapping program, a dog and cat collection service, a pound service, a registration and administration service, and an after-hours emergency service. This service also includes the operations of the school crossings. | 242 <u>172</u> (70) |
| Funded Recreation Projects - Capital | This service provides funding for various recreation projects, including pool safety improvements and facility upgrades. | 393 <u>274</u> (119) |

MATERIAL VARIATION EXPLANATIONS:??

Ararat Gallery TAMA -

Ararat Town Hall -

Ararat Fitness Centre & Outdoor Pools -

Funded Recreation Projects – Capital -

The following statement provides the results of the prescribed service performance indicators and measures

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|---|---------------------|---------------------|---------------------|---------------------|--|
| Animal Management | | | | | |
| Timeliness | 1 | 1 | 1 | 1 | All animal management requests received by Council were actioned within 1 business day. Council places a strong emphasis on responsible pet ownership and community safety. |
| <i>Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]</i> | | | | | |
| Service standard | 83.18% | 35.34% | 43.72% | 63.64% | Council continues to ensure as many impounded animals as possible are reclaimed by their owners. An increase in animals reclaimed by their owners has seen a decrease in animals needing to be rehomed, which is a positive outcome for pet owners. Council is proactive in rehoming animals if they are not reclaimed. Of the 187 animals impounded, 119 were reclaimed and 47 were rehomed. Considered together, more than 88% of all animals collected by Council found a home. This is an increase of 16% on last year. |
| <i>Animals reclaimed [Number of animals reclaimed / Number of animals collected x 100]</i> | | | | | |
| <i>Animals rehomed [Number of animals rehomed / Number of animals collected] x 100</i> | | 42.97% | 28.37% | 25.13% | |
| Service cost | \$21.61 | \$17.79 | \$20.53 | \$22.12 | The cost of the animal management service per population remains consistent with the last 3 years, a slight increase due to annual labour indices. |
| <i>Cost of animal management service per population [Direct cost of the animal management service / Population]</i> | | | | | |
| Health and safety | 0% | 0% | 0% | 0% | There were no animal prosecutions during this reporting period. |
| <i>Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</i> | | | | | |

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|--|------------------|------------------|------------------|------------------|--|
| Food Safety | | | | | |
| Timeliness <i>Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]</i> | 1.14 | 2.92 | 1.00 | 1.00 | Environmental Health Officers have continued to prioritise food complaints and food safety, having responded to all complaints received within 1 business day. |
| Service standard <i>Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100</i> | 80.70% | 53.10% | 82.88% | 94.55% | Council has actively focussed on the quality of this service, resulting in a 56% increase of food safety assessments undertaken compared to the previous year. |
| Service cost <i>Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]</i> | \$184.40 | \$309.81 | \$689.13 | \$688.20 | A review of our food safety service in 2019/2020 saw increased investment in resourcing (from 1.5 staff to 3 staff) resulting in consistent increased service cost for the last 2 years. Since the reporting period Council have made the decision to outsource the Food Safety and Health service, with the aim of reducing this cost significantly whilst continuing to provide a high level of professional service to the community. |
| Health and safety <i>Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100</i> | 95.00% | 114.29% | 100.00% | 83.33% | In 2022 Council received 18 non-compliance notifications regarding food premises, 15 of which were recorded as followed up (a possible reporting error). Since the reporting period Council have outsourced the Food Safety and Health service to ensure greater compliance, and continues to work with businesses to ensure regulatory standards are met. |
| Maternal and Child Health (MCH) | | | | | |
| Service standard <i>Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100</i> | 100.88% | 100.00% | 101.60% | 100.00% | All newborns in the municipality have received a first home visit from the MCH nurses. |

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|--|------------------|------------------|------------------|------------------|--|
| Service cost Cost of the MCH service [Cost of the MCH Service / Hours worked by MCH nurses] | \$76.32 | \$70.43 | \$69.86 | \$71.86 | Council has seen a minor increase in the cost of the Maternal Child Health Service for 2021/2022 (2.8%) which is in line with reasonable cost increases. |
| Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 | 79.56% | 81.45% | 85.59% | 85.53% | Participation levels have remained steady since last reporting period, especially given the disruptions presented by COVID-19 closures during 2021. Council continue to review engagement practices within the maternal and child health service to increase participation rates. |
| Participation in the MCH service by Aboriginal children [Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 | 84.62% | 80.00% | 92.00% | 87.50% | Council has 16 Aboriginal children enrolled in the maternal and child health service with 2 children having not attended in the last 12 months. Such low numbers creates sensitivity when reporting in percentages, however attendance in the program continues to be strong, and Council continue to review engagement practices to increase participation rates. |
| Satisfaction Participation in 4-week Key Age and Stage visit [Number of 4-week Key Age and Stage visits / Number of birth notifications received] x100 | | 102.06% | 90.40% | 99.20% | Council's MCH service has a strong participation result, especially given the disruptions presented by COVID-19 closures during 2021. This is evidence of the hard work of our Maternal Child Health nurses and the value that the community places in the service we provide. |
| Aquatic Facilities | | | | | |
| Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities] | 0.00 | 1.00 | 0.25 | 1.00 | All 4 of Council's aquatic facilities underwent an inspection by an authorised officer during the 2021/2022 financial year. Aquatics staff also assess water quality 4 times daily and records of results are consistently maintained at all locations. |

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|---|--------------------|------------------|------------------|------------------|--|
| Utilisation <i>Utilisation of aquatic facilities</i> <i>[Number of visits to aquatic facilities / Municipal population]</i> | 8.68 | 4.13 | 1.20 | 2.65 | Council saw an increase of 17,234 patrons visiting our municipal pools during the 2021/2022 financial year. This result is tracking toward a normal year as expected coming out of a year of significant closures and lockdowns. Council remain actively focussed on increasing utilisation of our pools and fitness centre to ensure these services are viable into the future. |
| Service cost <i>Cost of aquatic facilities</i> <i>[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]</i> | New in 2020 | \$13.04 | \$57.14 | \$23.46 | The cost per visit of aquatic facilities was heavily impacted by COVID-19 related closures during the 2020/2021 reporting period. Post COVID closures, Council have seen a steady increase in visitation to pools, the fixed cost of pool operations spread across a greater number of visitors in 2021/2022 sees a significant cost reduction. Council are actively focussed on increasing utilisation of our pools and fitness centre to ensure these services are viable into the future. |
| Libraries | | | | | |
| Utilisation <i>Physical Library collection usage</i> <i>[Number of physical library collection item loans / Number of physical library collection items]</i> | 3.29 | 2.39 | 1.89 | 2.31 | This indicator assesses the degree to which Council's physical Library items were utilised. Physical library collection usage has increased by 22.5% on last reporting period. This result is as expected coming out of a year of significant closures and lockdowns. Council are actively focussed on increasing library members and visitors as part of COVID recovery planning. |
| Resource standard <i>Recently purchased library collection</i> <i>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100</i> | 54.43% | 54.05% | 47.54% | 48.67% | The purchasing of book stock is managed under a service agreement with the City of Ballarat, who ensures a modern and relevant library collection. There is also an increasing focus on digital stock, including e-audio, e-magazines and e-books to meet demand in this area. This result is consistent with previous years data. |

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|--|------------------|------------------|------------------|------------------|--|
| <p>Participation</p> <p>Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</p> | 13.59% | 11.75% | 10.71% | 8.55% | 2021/2022 results indicate a continual decrease in active borrowers. Council are actively working to re-establish borrowing in the wake of the pandemic. This indicator does not capture other library activity for example children and youth programs, digital literacy programs and events, the use of public PCs, using facilities such as meeting rooms or study areas, or using services such as Wi-Fi, all which are key focus areas for the service. |
| <p>Service cost</p> <p>Cost of library service per population [Direct cost of the library service / Population]</p> | \$26.99 | \$25.72 | \$20.69 | \$24.67 | The cost of the Library service per population has seen an increase in 2021/2022, however is consistent in the 2 years prior. The lower result in 2020/2021 was due to pandemic related closures where less casual staff were utilised as the Library was closed for lockdown periods. |



STRATEGIC OBJECTIVE 6: STRONG AND EFFECTIVE GOVERNANCE

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan. The statement also reviews the progress of Council in relation to major initiatives identified in the 2021/2022 budget for the year.

| Strategic Indicator/measure | Result | Comments |
|--|--------|---|
| Council budgets continue to deliver public value and return dividends where appropriate. | → | Council budgets will continue to be framed to deliver public value across all services. Focus of core business and financial sustainability will underpin financial decision making. The 2022/2023 Budget will be framed to ensure that Council has the option to deliver a zero percent rate rise. |
| Council develop and implement a performance dashboard providing reporting to the CEO, Council and Community. | ✘ | Performance dashboard in place and currently being used for Budget management and monitoring. KPIs developed across services and being refined through sense checking activity and regular meetings with service leaders. |
| Undertake key data quality improvement projects during 2021/2022. | → | Key data projects are being developed and delivered around KPI, financial and asset data. |
| Council Review the Business Continuity Plan and Disaster Recovery Plan. | ✘ | Risk Management staff have commenced a review of BCP and DRP. |
| Review Council's Risk Management Policy and Framework. | ✓ | Risk Management Policy and Risk Management Framework reviewed. Presented to Audit and Risk Committee on 7 September 2021 and adopted by Council at the Council meeting held on 21 September 2021. |
| Develop a Risk Management training program. | ✓ | Basic Risk Training Session was conducted by Council's Risk Service Provider on 6 April 2022 for all Managers, Coordinators, Supervisors and Team Leaders. |
| Implement a Risk Assessment Process and Building Inspection Program for all Council assets. | ✓ | <i>Building Inspection Checklist developed and utilised by Depot and Asset staff.</i> |
| Implement the Community Engagement Policy to support and development Council's strategies and projects. | → | Council's Community Engagement Policy will be rolled out further during the first half of 2022. This included utilising the Policy in the development of Council's 2022/2023 Budget and Annual Plan. |

The following statement provides information in relation to the services funded in the 2021/2022 budget and the persons or sections of the community who are provided the service. The figures presented are based on the cash basis of accounting.

| Service | Description | Net Cost | |
|-------------------------------------|--|----------|----------|
| | | Actual | Budget |
| | | Variance | |
| | | \$000 | |
| Corporate Revenue | This service includes Council's rates and charges revenue, interest income and general purpose grant funds received from the Victoria Grants Commission. | (18,409) | (19,257) |
| | | | (848) |
| Financial Services | This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, procurement practices and contracting of services, raising rates and charges and the processing of accounts payable and receivables. This service also includes property management and records management. It also provides for the loan borrowing costs associated with the Alexandra Oval Community & Recreation Centre and the upgrade to the Ararat Arts Precinct. | 713 | 832 |
| | | | 119 |
| Corporate Support | This service includes corporate expenses including stationery, telecommunications, revenue collection fees, valuations, and the customer service operations of the Municipal Office. | 268 | 317 |
| | | | 49 |
| Property Operations | This service is responsible for the operations of Council's assets, including insurances and utility charges such as water and electricity. The service also includes Council's building, land and property leases and licenses. | (55) | (19) |
| | | | 36 |
| Property Development Capital | This service includes a transfer to the building capital reserve following the sale of Council properties. | 3 | 0 |
| | | | (3) |
| Vehicles | This service operates, maintains and purchases Council vehicles, excluding major plant and equipment, to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet. | 272 | 260 |
| | | | (12) |
| CEO's Office | This service includes private works, maintenance of water supplies and emergency bores, and natural disaster response and recovery works. | (24) | 64 |
| | | | 88 |
| Funded Operating Projects | | 49 | 0 |
| | | | (49) |
| Community Support Grants | This service provides support grants to community organisations for the provision of programs, projects, activities and events that deliver outcomes which support the objectives identified in the Council Plan. | 86 | 95 |
| | | | 9 |

| Service | Description | Net Cost | |
|--------------------------------|---|----------------------------|--------|
| | | Actual | Budget |
| | | Variance | |
| | | \$000 | |
| Human Resources | <p>This service provides Council with strategic and operational organisation development support. The service develops and implements strategies, policies and procedures through the provision of human resources and industrial relations services. The service includes organisation-wide training programs, as well as specific staff training and conferences.</p> <p>This service also includes payment of salaries and wages to Council employees.</p> | 493 <u>502</u> 9 | |
| Governance | <p>This area of governance includes Mayor, Councillors and executive support. This service provides statutory and corporate support services to Council, including coordination of business papers for meetings of the Council and maintenance of statutory registers.</p> <p>This service includes Council elections, subscriptions, insurances, legal expenses, support of civic functions, ceremonies and events, hospitality management and coordination of arrangements for Council and workshop meetings.</p> <p>This service also provides facilities maintenance grants for recreation reserves & public halls.</p> | 903 <u>1,031</u> 128 | |
| Business Transformation | This service includes service reviews and business improvement | 305 <u>340</u> 35 | |
| Information Services | <p>This service provides, supports and maintains reliable and cost effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way.</p> <p>This service includes expenditure of a capital nature relating to information technology.</p> | 753 <u>784</u> 31 | |

MATERIAL VARIATION EXPLANATIONS:??

Corporate Revenue -

Financial Services -

CEO's Office -

Governance -

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in comments.

| Service/Indicator/measure | Result 2018/2019 | Result 2019/2020 | Result 2020/2021 | Result 2021/2022 | Council Explanation |
|---|---------------------|---------------------|---------------------|---------------------|--|
| Governance | | | | | |
| Transparency Council decisions made at meetings closed to the public [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100 | 21.89% | 33.82% | 20.49% | 25.18% | This result is consistent with the 3 year average. The increased number of decisions in closed meetings fluctuates and is reflective of the number of tenders and contract reports considered during 2021/2022. |
| Consultation and engagement Satisfaction with community consultation and engagement [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement] | 49 | 56 | 61 | 62 | Council has continued to focus on improving community consultation and engagement, reflected by an increase of 1.64% in the 2022 community satisfaction survey result. While the improvement is encouraging, Council is continuing its commitment to listening to, and addressing, community concerns. |
| Attendance Council attendance at Council meetings [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100 | 95.54% | 92.86% | 97.14% | 94.29% | Councillor attendance at Council meetings remains consistently high, reflecting Councillor's commitment to active participation in decision making. |
| Service cost Cost of elected representation [Direct cost of the governance service / Number of councillors elected at the last council general election] | \$40,167.86 | \$34,079.86 | \$36,629.95 | \$37,598.47 | Council has seen a minor increase in the cost of elected officials for 2021/2022 (2.6%) which is in line with reasonable cost increases. |
| Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community] | 46 | 57 | 63 | 65 | Council has placed a strong focus on consulting the community in regard to decisions made in their best interests, which has seen a further 3% rise in this indicator from 2020/2021. While the improvement is encouraging, Council is committed to continuous and ongoing improvement in this area. |

RETIRED SERVICE PERFORMANCE INDICATORS

| Retired Indicator Service/Indicator/Measure | Results 2019 | Comment |
|---|-----------------|---|
| Aquatic Facilities | | |
| Service cost | | |
| Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities] | \$5.45 | This measure was replaced by Cost of aquatic facilities for 2020. |
| Cost of outdoor aquatic facilities [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities] | \$9.39 | This measure was replaced by Cost of aquatic facilities for 2020. |
| Animal Management | | |
| Service cost | | |
| Cost of animal management service [Direct cost of the animal management service / Number of registered animals] | \$104.66 | This measure was replaced by Cost of animal management service per population for 2020. |
| Health and Safety | | |
| Animal management prosecutions [Number of successful animal management prosecutions] | 0 | This measure was replaced by Animal management prosecutions (%) for 2020. |
| Libraries | | |
| Service cost | | |
| Cost of library service [Direct cost of the library service / Number of visits] | \$6.92 | This measure was replaced by Cost of library service per population for 2020. |
| Maternal and Child Health (MCH) | | |
| Satisfaction | | |
| Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x 100 | 103.5% | This measure was replaced by Participation in 4-week Key Age and Stage visit for 2020. |

RECONCILIATION OF CASH RESULT WITH OPERATING RESULT

| | Net Cost (Revenue) \$'000 |
|--|---------------------------------|
| Growing our place | 623 |
| Building robust local economies | 508 |
| Preserving our environment | 2,084 |
| Developing and maintaining key enabling infrastructure | 8,025 |
| Enhancing community life | 2,392 |
| Strong and effective governance | (13,650) |
| Total | (18) |
| Less capital expenditure on fixed assets | (14,664) |
| Add depreciation | 7,907 |
| Add written down value of assets sold | 39 |
| Less fair value adjustments for investment property | (137) |
| Add increase in unearned revenue | (15) |
| Add proceeds from borrowing | 0 |
| Less repayment of borrowings | (2,138) |
| Add transfer from reserves | 18,721 |
| Less transfer to reserves | (17,051) |
| Operating (surplus) / deficit for the year | (7,356) |

GLOSSARY

| | |
|---|--|
| Act | means the <i>Local Government Act 2020</i> |
| Annual report | means a report of the council's operations of the previous financial year and contains a report of operations, audited financial statements and an audited performance statement |
| Appropriateness | means indicators or measures that provide users with sufficient information to assess the extent to which an entity has achieved a pre-determined target, goal or outcome |
| Budget | means a plan setting out the services and initiatives to be funded for the financial year and how they will contribute to achieving the strategic objectives specified in the council plan |
| Council plan | means a plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four year |
| Financial performance indicators | means a prescribed set of indicators and measures that assess the effectiveness of financial management in a council covering operating position, liquidity, obligations, stability and efficiency |
| Financial plan | means a plan of the financial and non-financial resources for at least the next ten years required to achieve the strategic objectives in the council plan. It is also referred to as a long-term financial plan |
| Financial statements | means the financial statements and notes prepared in accordance with the Local Government Model Financial Report, Australian Accounting Standards and other applicable standards as they apply to the general purpose financial reports and a statement of capital works and included in the annual report |
| Financial year | means the period of 12 months ending on 30 June each year |
| Governance and management checklists | means a prescribed checklist of policies, plans and documents that councils must report the status of in the report of operations, covering engagement, planning, monitoring, reporting and decision making |
| Indicator | means what will be measured to assess performance |
| Initiatives | means actions that are one-off in nature and/or lead to improvements in service |
| Major initiative | means significant initiatives that will directly contribute to the achievement of the council plan during the current year and have a major focus in the budget |
| Measure | means how an indicator will be measured and takes the form of a computation, typically including a numerator and denominator |
| Minister | means the Minister for Local Government |
| Performance statement | means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report |

| | |
|--|--|
| Integrated strategic planning and reporting framework | means the key statutory planning and reporting documents that are required to be prepared by councils to ensure accountability to local communities in the performance of functions and exercise of powers under the Act |
| Regulations | means the Local Government (Planning and Reporting) Regulations 2020 |
| Relevance | means indicators or measures that have a logical and consistent relationship to an entity's objectives and are linked to the outcomes to be achieved |
| Report of operations | means a report containing a description of the operations of the council during the financial year and included in the annual report |
| Services | means assistance, support, advice and other actions undertaken by a council for the benefit of the local community |
| Service outcome indicators | means the prescribed service performance indicators to be included in the performance statement which measure whether the stated service objective has been achieved |
| Service performance indicators | means a prescribed set of indicators measuring the effectiveness and efficiency of council services covering appropriateness, quality, cost and service outcomes |
| Strategic objectives | means the outcomes a council is seeking to achieve over the next four years and included in the council plan |
| Strategies | means high level actions directed at achieving the strategic objectives in the council plan |
| Sustainable capacity indicators | means a prescribed set of indicators measuring whether councils have the capacity to meet the agreed service and infrastructure needs of the local community and absorb foreseeable changes and unexpected shocks into the future covering financial performance, capacity and governance and management |

REFERENCES

Department of Jobs, Precincts and Regions (2022), *Local Government Performance Reporting Framework Indicator Guide*, State of Victoria, <https://www.localgovernment.vic.gov.au/council-innovation-and-performance/sector-guidance-planning-and-reporting>

Department of Jobs, Precincts and Regions (2022), *Local Government Better Practice Guide Report of Operations*, State of Victoria, <https://www.localgovernment.vic.gov.au/council-innovation-and-performance/sector-guidance-planning-and-reporting>

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FINANCIAL REPORT

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CERTIFICATION OF THE FINANCIAL STATEMENTS

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Karissa Hogan, BCom, CPA
Principal Accounting Officer

Date: 27 September 2022
Ararat

In our opinion the accompanying financial statements present fairly the financial transactions of Ararat Rural City Council for the year ended 30 June 2022 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.



Jo Armstrong
Mayor

Date: 27 September 2022
Ararat



Henry Burrige
Councillor

Date: 27 September 2022
Ararat



Dr Tim Harrison
Chief Executive Officer

Date: 27 September 2022
Ararat

Independent Auditor's Report

To the Councillors of Ararat Rural City Council

| | |
|---|--|
| Opinion | <p>I have audited the financial report of Ararat Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the financial report | <p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



COMPREHENSIVE INCOME STATEMENT

For the Year Ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--|------|----------------|----------------|
| Income | | | |
| Rates and charges | 3.1 | 17,516 | 17,720 |
| Statutory fees and fines | 3.2 | 245 | 172 |
| User fees | 3.3 | 1,122 | 1,018 |
| Grants - operating | 3.4 | 10,892 | 9,046 |
| Grants - capital | 3.4 | 6,189 | 6,707 |
| Contributions - monetary | 3.5 | 184 | 162 |
| Net gain (or loss) on disposal of property, infrastructure, plant and equipment | 3.6 | 147 | 136 |
| Fair value adjustments for investment property | 6.2 | 137 | 47 |
| Other income | 3.7 | 188 | 188 |
| Total income | | 36,620 | 35,196 |
| Expenses | | | |
| Employee costs | 4.1 | 10,822 | 11,910 |
| Materials and services | 4.2 | 10,149 | 7,167 |
| Depreciation | 4.3 | 7,907 | 9,641 |
| Bad and doubtful debts | 4.4 | - | 5 |
| Borrowing costs | 4.5 | 54 | 116 |
| Other expenses | 4.6 | 332 | 289 |
| Total expenses | | 29,264 | 29,128 |
| Surplus/(deficit) for the year | | 7,356 | 6,068 |
| Other comprehensive income | | | |
| Items that will not be reclassified to surplus or deficit in future periods | | | |
| Net asset revaluation increment/(decrement) | 6.1 | 29,339 | 10,908 |
| Total other comprehensive income | | 29,339 | 10,908 |
| Total comprehensive result | | 36,695 | 16,976 |

The above comprehensive income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5.1 | 21,515 | 23,049 |
| Trade and other receivables | 5.1 | 3,922 | 4,233 |
| Inventories | 5.2 | 64 | 69 |
| Other assets | 5.2 | 13 | 55 |
| Total current assets | | 25,514 | 27,406 |
| Non-current assets | | | |
| Trade and other receivables | 5.1 | 9 | 12 |
| Property, infrastructure, plant and equipment | 6.1 | 278,159 | 242,101 |
| Investment property | 6.2 | 1,499 | 1,362 |
| Total non-current assets | | 279,667 | 243,475 |
| Total assets | | 305,181 | 270,881 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 5.3 | 1,540 | 1,303 |
| Trust funds and deposits | 5.3 | 254 | 455 |
| Unearned income | 5.3 | 7,175 | 7,191 |
| Provisions | 5.5 | 2,245 | 2,475 |
| Interest-bearing liabilities | 5.4 | 143 | 2,138 |
| Total current liabilities | | 11,357 | 13,562 |
| Non-current liabilities | | | |
| Provisions | 5.5 | 184 | 231 |
| Interest-bearing liabilities | 5.4 | 454 | 597 |
| Total non-current liabilities | | 638 | 828 |
| Total liabilities | | 11,995 | 14,390 |
| Net assets | | 293,186 | 256,491 |
| Equity | | | |
| Accumulated surplus | | 85,917 | 76,891 |
| Reserves | 9.1 | 207,269 | 179,600 |
| Total Equity | | 293,186 | 256,491 |

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

| 2022 | Note | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| Balance at beginning of the financial year | | 256,491 | 76,891 | 155,926 | 23,674 |
| Surplus/(deficit) for the year | | 7,356 | 7,356 | - | - |
| Net asset revaluation increment/(decrement) | 6.1 | 29,339 | - | 29,339 | - |
| Transfers to other reserves | 9.1 | - | (17,051) | - | 17,051 |
| Transfers from other reserves | 9.1 | - | 18,721 | - | (18,721) |
| Balance at end of the financial year | | 293,186 | 85,917 | 185,265 | 22,004 |

| 2021 | Note | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| Balance at beginning of the financial year | | 239,515 | 75,974 | 145,018 | 18,523 |
| Surplus/(deficit) for the year | | 6,068 | 6,068 | - | - |
| Net asset revaluation increment/(decrement) | 6.1 | 10,908 | - | 10,908 | - |
| Transfers to other reserves | 9.1 | - | (15,111) | - | 15,111 |
| Transfers from other reserves | 9.1 | - | 9,960 | - | (9,960) |
| Balance at end of the financial year | | 256,491 | 76,891 | 155,926 | 23,674 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

| | Note | 2022 Inflows/ (Outflows) \$'000 | 2021 Inflows/ (Outflows) \$'000 |
|---|------------|--|--|
| Cash flows from operating activities | | | |
| Rates and charges | | 17,635 | 17,560 |
| Statutory fees and fines | | 246 | 172 |
| User fees | | 1,265 | 1,564 |
| Grants - operating | | 10,790 | 11,009 |
| Grants - capital | | 6,658 | 9,310 |
| Contributions - monetary | | 181 | 180 |
| Interest received | | 53 | 63 |
| Trust funds and deposits taken | | 299 | 352 |
| Other receipts | | 145 | 138 |
| Net GST refund/payment | | 1,906 | 1,798 |
| Employee costs | | (10,808) | (12,134) |
| Materials and services | | (12,498) | (9,577) |
| Trust funds and deposits repaid | | (389) | (186) |
| Other payments | | (346) | (302) |
| Net cash provided by/(used in) operating activities | 9.2 | 15,137 | 19,947 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | 6.1 | (14,664) | (16,564) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 185 | 383 |
| Net cash provided by/(used in) investing activities | | (14,479) | (16,181) |
| Cash flows from financing activities | | | |
| Finance costs | | (54) | (116) |
| Repayment of borrowings | | (2,138) | (134) |
| Net cash provided by/(used in) financing activities | | (2,192) | (250) |
| Net increase/(decrease) in cash and cash equivalents | | (1,534) | 3,516 |
| Cash and cash equivalents at the beginning of the financial year | | 23,049 | 19,533 |
| Cash and cash equivalents at the end of the financial year | 5.1 | 21,515 | 23,049 |
| Restrictions on cash assets | 5.1 | | |

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CAPITAL WORKS

For the Year Ended 30 June 2022

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| Property | | |
| Buildings | 1,195 | 2,247 |
| Total property | 1,195 | 2,247 |
| Plant and equipment | | |
| Plant, machinery and equipment | 1,191 | 848 |
| Fixtures, fittings and furniture | - | 21 |
| Library books | 39 | 34 |
| Total plant and equipment | 1,230 | 930 |
| Infrastructure | | |
| Roads | 10,757 | 12,163 |
| Bridges | 708 | 73 |
| Footpaths and cycleways | 240 | 196 |
| Drainage | 534 | 982 |
| Total infrastructure | 12,239 | 13,414 |
| Total capital works expenditure | 14,664 | 16,564 |
| Represented by: | | |
| New asset expenditure | 866 | 724 |
| Asset renewal expenditure | 11,691 | 11,758 |
| Asset upgrade expenditure | 2,107 | 4,082 |
| Total capital works expenditure | 14,664 | 16,564 |

The above statement of capital works should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 1 OVERVIEW

Introduction

The Ararat Rural City Council was established by an Order of the Governor in Council on 22 September 1994 and is a body corporate. The Council's main office is located at 59 Vincent Street, Ararat.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(b) Impact of COVID-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

- Additional revenue – \$0.158 million for outdoor eating and entertainment package, \$0.092 million for COVID safe outdoor activation funding, \$0.060 million for community activation and social isolation initiative and \$0.063 million for business concierge and hospitality support program.
- Revenue reductions – facilities closures resulted in \$0.165 million less revenue than budget.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 2.1: Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of \$250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income and expenditure

| | Budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 | Variance % | Ref |
|--|--------------------------|--------------------------|--------------------|----------------|-----|
| Income | | | | | |
| Rates and charges | 17,467 | 17,516 | 49 | 0% | |
| Statutory fees and fines | 199 | 245 | 46 | 23% | |
| User fees | 1,367 | 1,122 | (245) | -18% | |
| Grants - operating | 7,964 | 10,892 | 2,928 | 37% | 1 |
| Grants - capital | 9,651 | 6,189 | (3,462) | -36% | 2 |
| Contributions - monetary | 97 | 184 | 87 | 90% | |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 41 | 147 | 106 | 259% | |
| Fair value adjustments for investment property | - | 137 | 137 | 100% | |
| Other income | 173 | 188 | 15 | 9% | |
| Total income | 36,959 | 36,620 | (339) | -1% | |
| Expenses | | | | | |
| Employee costs | 11,277 | 10,822 | 455 | 4.03% | 3 |
| Materials and services | 9,319 | 10,149 | (830) | -8.91% | 4 |
| Depreciation | 7,095 | 7,907 | (812) | -11.44% | 5 |
| Borrowing costs | 55 | 54 | 1 | 1.82% | |
| Other expenses | 348 | 332 | 16 | 4.60% | |
| Total expenses | 28,094 | 29,264 | (1,170) | -4.16% | |
| Surplus/(deficit) for the year | 8,865 | 7,356 | (1,509) | -17.02% | |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|------------------------|---|
| 1 | Grants - operating | Council received \$1.784 million more than budget for financial assistance grants due to approximately 75% of the annual allocation for 2022/23 being received in June 2022, compared to around 50% being received in advance in 2020/21. Council was successful in obtaining several grants that had not been budgeted for, including \$0.373 million for several COVID assistance grants and \$0.309 million for new settlement and workforce grants. |
| 2 | Grants - capital | In accordance with accounting standards, capital grants totalling \$3.614 million are currently being held as an unearned income liability until grant related performance obligations have been met. This includes \$2.305 million of grant funds received towards the Gordon Street Recreation Reserve development. |
| 3 | Employee costs | Savings have mostly resulted from delays in replacing some staff members and other vacancies that have not been filled. |
| 4 | Materials and services | Materials and services are higher than budget with increased operating expenditure required to deliver the outcomes for the additional operating grants. |
| 5 | Depreciation | Council did not allow enough in the budget, due to the revaluation of infrastructure as at 30 June 2021 which was undertaken after the budget had been finalised. |



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

2.1.2 Capital works

| | Budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 | Variance % | Ref |
|--|--------------------------|--------------------------|--------------------|---------------|-----|
| Property | | | | | |
| Buildings | 3,732 | 1,195 | (2,537) | -68% | 1 |
| Total property | 3,732 | 1,195 | (2,537) | -68% | |
| Plant and equipment | | | | | |
| Plant, machinery and equipment | 720 | 1,191 | 471 | 65% | 2 |
| Fixtures, fittings and furniture | 25 | - | (25) | -100% | |
| Library books | 40 | 39 | (1) | -3% | |
| Total plant and equipment | 785 | 1,230 | 445 | 57% | |
| Infrastructure | | | | | |
| Roads | 11,389 | 10,757 | (632) | -6% | 3 |
| Bridges | 690 | 708 | 18 | 3% | |
| Footpaths and cycleways | 265 | 240 | (25) | -9% | |
| Drainage | 673 | 534 | (139) | -21% | |
| Total infrastructure | 13,017 | 12,239 | (778) | -6% | |
| Total capital works expenditure | 17,534 | 14,664 | (2,870) | -16% | |
| Represented by: | | | | | |
| New asset expenditure | 1,740 | 866 | (874) | -50% | 4 |
| Asset renewal expenditure | 13,364 | 11,691 | (1,673) | -13% | 5 |
| Asset upgrade expenditure | 2,430 | 2,107 | (323) | -13% | 6 |
| Total capital works expenditure | 17,534 | 14,664 | (2,870) | -16% | |



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|--------------------------------|---|
| 1 | Buildings | The budget included building works of \$3.224 million for the Gordon Street Recreation Reserve development, however only \$0.350 million was completed during the financial year. |
| 2 | Plant, machinery and equipment | Three waste trucks were purchased for Council to commence kerbside waste collection services in 2022/23. |
| 3 | Roads | The budget included roadworks for Wilson Street and Delacombe Way which were still in progress at 30 June 2022. |
| 4 | New asset expenditure | The apportionment between new, renewal and upgrade has been reassessed during the financial year. |
| 5 | Asset renewal expenditure | The apportionment between new, renewal and upgrade has been reassessed during the financial year. |
| 6 | Asset upgrade expenditure | The apportionment between new, renewal and upgrade has been reassessed during the financial year. |

Note 2.2: Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Growing our place

The program brings together the planning, building and environmental health service areas to align Council's strategic objectives to support growth, community amenity, and public health.

Building robust local economies

The program combines Council's economic development and tourism services to elevate the region's status as an agriculture powerhouse that drives high yield returns for producers and operators in the Grampians.

Preserving our environment

The program combines waste management, sustainability, parks and gardens and emergency management, delivering a circular economy strategy via Revolution Ararat, revitalising our public parks, and preparedness planning for fire and flood.

Developing and maintaining key enabling infrastructure

The program provides project design and management, property maintenance, city services, road maintenance, major and minor plant, infrastructure works and asset management to support infrastructure upgrades and renewal that underpin freight efficiency and town development.

Enhancing community life

The program recognises the role of arts, culture, education, and community participation in enhancing community life, and is responsible for managing our cultural venues, library services, positive ageing programs, children's services, public recreation, and community events support.

Strong and effective governance

The program is focused on establishing a strong governance framework that secures public value through efficient financial management, rating, procurement, council operations, civic functions, and public engagement.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

2.2.2 Summary of income, expenses, assets and capital expenses by program

| 2022 | Income \$'000 | Expenses \$'000 | Surplus/ (Deficit) \$'000 | Grants included in income \$'000 | Total assets \$'000 |
|---|------------------|--------------------|---------------------------------|--|------------------------|
| Growing our place | 412 | (1,050) | (638) | 84 | - |
| Building robust local economies | 694 | (669) | 25 | 671 | - |
| Preserving our environment | 2,746 | (5,126) | (2,380) | 202 | 3 |
| Developing and maintaining key enabling infrastructure | 9,347 | (11,340) | (1,993) | 9,387 | 258,177 |
| Enhancing community life | 2,583 | (5,304) | (2,721) | 1,622 | 20,566 |
| Strong and effective governance | 20,838 | (5,775) | 15,063 | 5,115 | 26,435 |
| | 36,620 | (29,264) | 7,356 | 17,081 | 305,181 |

| 2021 | Income \$'000 | Expenses \$'000 | Surplus/ (Deficit) \$'000 | Grants included in income \$'000 | Total assets \$'000 |
|---|------------------|--------------------|---------------------------------|--|------------------------|
| Growing our place | 250 | (898) | (648) | 34 | - |
| Building robust local economies | 205 | (659) | (454) | 195 | - |
| Preserving our environment | 2,824 | (3,871) | (1,047) | 296 | 8 |
| Developing and maintaining key enabling infrastructure | 8,578 | (11,482) | (2,904) | 8,455 | 221,077 |
| Enhancing community life | 2,796 | (6,072) | (3,276) | 2,124 | 21,561 |
| Strong and effective governance | 20,543 | (6,146) | 14,397 | 4,649 | 28,235 |
| | 35,196 | (29,128) | 6,068 | 15,753 | 270,881 |



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 3: Funding for the delivery of our services

3.1 Rates and charges

Council uses the Capital Improved Valuation as the basis of valuation of all properties within the municipal district. The Capital Improved Valuation of a property is its approximate market value at a given date of 1 January 2021.

The valuation base used to calculate general rates for 2021/22 was \$4.264 billion (2020/21 \$3.275 billion). The 2021/22 rate in the Capital Improved Valuation dollar was General 0.5307, Farm 0.2123, Commercial 0.6634, and Industrial 0.6634 (2020/21 General 0.6280, Farm 0.2952, Commercial 0.7850, and Industrial 0.7850).

| | 2022 \$'000 | 2021 \$'000 |
|--------------------------------|----------------|----------------|
| General | 6,989 | 7,119 |
| Commercial | 814 | 945 |
| Industrial | 226 | 244 |
| Farm | 5,950 | 5,893 |
| Municipal charge | 625 | 623 |
| Garbage charge | 1,728 | 1,737 |
| Recycling charge | 534 | 540 |
| Interest on rates and charges | 151 | 122 |
| Revenue in lieu of rates | 499 | 497 |
| Total rates and charges | 17,516 | 17,720 |

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------------------|----------------|----------------|
| Infringements and costs | 9 | 6 |
| Town planning fees | 193 | 127 |
| Land information certificates | 16 | 14 |
| Permits | 27 | 25 |
| Total statutory fees and fines | 245 | 172 |

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

3.3 User fees

| | 2022 \$'000 | 2021 \$'000 |
|-----------------------------------|----------------|----------------|
| Aged and health services | 169 | 198 |
| Leisure centre and recreation | 288 | 210 |
| Child care/children's programs | 6 | 6 |
| Parking | - | 6 |
| Registration and other permits | 119 | 93 |
| Building services | 54 | 66 |
| Waste management services | 257 | 236 |
| Gum San Museum/Great Hall charges | 2 | 1 |
| Ararat Town Hall charges | 32 | 7 |
| Visitor Information Centre | 12 | 1 |
| Alexandra Oval | 67 | 38 |
| Road occupancy | 5 | 7 |
| Private works | 22 | 57 |
| Other fees and charges | 89 | 92 |
| Total user fees | 1,122 | 1,018 |

User fees by timing of revenue recognition

| | | |
|---|--------------|--------------|
| User fees recognised at a point in time | 1,122 | 1,018 |
| Total user fees | 1,122 | 1,018 |

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

3.4 Funding from other levels of government

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Grants were received in respect of the following: | | |
| Summary of grants | | |
| Commonwealth funded grants | 14,229 | 11,145 |
| State funded grants | 2,852 | 4,608 |
| Total grants received | 17,081 | 15,753 |
| (a) Operating Grants | | |
| Recurrent - Commonwealth Government | | |
| Financial Assistance Grants | 8,186 | 6,314 |
| General home care | 487 | 432 |
| Recurrent - State Government | | |
| Aged care | 202 | 192 |
| School crossing supervisors | 12 | 12 |
| Libraries | 147 | 142 |
| Maternal and child health | 318 | 293 |
| Environment | 134 | 117 |
| Culture | 140 | 140 |
| Administration | 44 | 43 |
| Total recurrent operating grants | 9,670 | 7,685 |
| Non-recurrent - Commonwealth Government | | |
| Community development | 20 | 45 |
| Non-recurrent - State Government | | |
| Natural disaster | 48 | 72 |
| Community development | 60 | 181 |
| Libraries | 87 | 11 |
| Maternal and child health | 82 | 61 |
| Environment | 35 | 12 |
| Employment | 100 | 596 |
| Planning and development | 760 | 164 |
| Culture | - | 26 |
| Recreation | 30 | 193 |
| Total non-recurrent operating grants | 1,222 | 1,361 |
| Total operating grants | 10,892 | 9,046 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

3.4 Funding from other levels of government

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| (b) Capital Grants | | |
| Recurrent - Commonwealth Government | | |
| Roads to recovery | 1,319 | 3,605 |
| Total recurrent capital grants | 1,319 | 3,605 |
| Non-recurrent - Commonwealth Government | | |
| Transport | 3,939 | 677 |
| Recreation | 278 | 72 |
| Non-recurrent - State Government | | |
| Transport | 434 | 800 |
| Plant, machinery and equipment | - | 118 |
| Recreation | 219 | 1,225 |
| Waste Management | - | 210 |
| Total non-recurrent capital grants | 4,870 | 3,102 |
| Total capital grants | 6,189 | 6,707 |
| (c) Unspent grants received on condition that they be spent in a specific manner | | |
| Operating | | |
| Balance at start of year | 2,191 | 386 |
| Received during the financial year and remained unspent at balance date | 2,163 | 2,141 |
| Received in prior years and spent during the financial year | (793) | (336) |
| Balance at year end | 3,561 | 2,191 |
| Capital | | |
| Balance at start of year | 5,000 | 833 |
| Received during the financial year and remained unspent at balance date | 185 | 5,000 |
| Received in prior years and spent during the financial year | (1,571) | (833) |
| Balance at year end | 3,614 | 5,000 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

3.4 Funding from other levels of government

(d) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement;
- determines the transaction price;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered. Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income for Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed.

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Income recognised under AASB 1058 Income of Not-for-Profit Entities | | |
| General purpose | 8,186 | 6,314 |
| Specific purpose grants to acquire non-financial assets | 6,189 | 6,707 |
| Other specific purpose grants | 1,551 | 1,422 |
| Revenue recognised under AASB 15 Revenue from Contracts with Customers | | |
| Specific purpose grants | 1,155 | 1,310 |
| | 17,081 | 15,753 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

3.5 Contributions

| | 2022 \$'000 | 2021 \$'000 |
|----------------------------|----------------|----------------|
| Monetary | 184 | 162 |
| Total contributions | 184 | 162 |

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Proceeds of sale | 185 | 383 |
| Written down value of assets disposed | (38) | (247) |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment | 147 | 136 |

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

3.7 Other income

| | 2022 \$'000 | 2021 \$'000 |
|----------------------------|----------------|----------------|
| Interest | 53 | 63 |
| Investment property rental | 135 | 125 |
| Total other income | 188 | 188 |

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 4: The cost of delivering services

4.1 (a) Employee costs

| | 2022 \$'000 | 2021 \$'000 |
|-----------------------------|----------------|----------------|
| Wages and salaries | 9,534 | 10,491 |
| WorkCover | 287 | 355 |
| Superannuation | 945 | 995 |
| Fringe benefits tax | 56 | 69 |
| Total employee costs | 10,822 | 11,910 |

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

| | | |
|--|-----------|-----------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 37 | 59 |
| | 37 | 59 |
| Employer contributions payable at reporting date. | - | - |

Accumulation funds

| | | |
|--|------------|------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 644 | 692 |
| Employer contributions - other funds | 264 | 244 |
| | 908 | 936 |
| Employer contributions payable at reporting date. | - | - |

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

| | 2022 \$'000 | 2021 \$'000 |
|-------------------------------------|----------------|----------------|
| Materials and services | 5,078 | 3,343 |
| Contract payments | 2,846 | 1,887 |
| Plant and equipment maintenance | 1,134 | 1,054 |
| Utilities | 630 | 690 |
| Consultants | 461 | 193 |
| Total materials and services | 10,149 | 7,167 |

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

4.3 Depreciation

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------|----------------|----------------|
| Property | 1,642 | 1,584 |
| Plant and equipment | 851 | 823 |
| Infrastructure | 5,414 | 7,234 |
| Total depreciation | 7,907 | 9,641 |

Refer to note 6.1 for a more detailed breakdown of depreciation and accounting policy.

4.4 Bad and doubtful debts

| | 2022 \$'000 | 2021 \$'000 |
|-------------------------------------|----------------|----------------|
| Other debtors | - | 5 |
| Total bad and doubtful debts | - | 5 |

Bad debts are written off when identified.

4.5 Borrowing costs

| | 2022 \$'000 | 2021 \$'000 |
|------------------------------|----------------|----------------|
| Interest - Borrowings | 54 | 116 |
| Total borrowing costs | 54 | 116 |

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.6 Other expenses

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals | 47 | 42 |
| Auditors' remuneration - Other External Audits | 1 | 1 |
| Auditors' remuneration - Internal Audit | 62 | 47 |
| Councillors' allowances | 222 | 199 |
| Total other expenses | 332 | 289 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 5: Our financial position

5.1 Financial assets

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| (a) Cash and cash equivalents | | |
| Cash on hand | 3 | 4 |
| Cash at bank | 6,407 | 9,884 |
| Term deposits | 15,105 | 13,161 |
| Total cash and cash equivalents | 21,515 | 23,049 |
| Total financial assets | 21,515 | 23,049 |

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

| | | |
|---|---------------|---------------|
| - Trust funds and deposits (Note 5.3) | 254 | 455 |
| Total restricted funds | 254 | 455 |
| Total unrestricted cash and cash equivalents | 21,261 | 22,594 |

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

| | | |
|--|---------------|---------------|
| - cash held to fund carried forward capital works | 13,817 | 13,767 |
| - other reserve funds allocated for specific future purposes | 8,187 | 9,907 |
| Total funds subject to intended allocations (Note 9.1(b)) | 22,004 | 23,674 |

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| (b) Trade and other receivables | | |
| Current | | |
| <i>Statutory receivables</i> | | |
| Rates debtors | 1,742 | 1,860 |
| <i>Non statutory receivables</i> | | |
| Other debtors | 2,180 | 2,373 |
| Total current trade and other receivables | 3,922 | 4,233 |
| Non-current | | |
| <i>Statutory receivables</i> | | |
| Special rate scheme | 9 | 12 |
| Total non-current trade and other receivables | 9 | 12 |
| Total trade and other receivables | 3,931 | 4,245 |

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(c) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

| | | |
|--|--------------|--------------|
| Current (not yet due) | 2,176 | 2,354 |
| Past due by up to 30 days | 3 | 9 |
| Past due between 31 and 180 days | 1 | 10 |
| Total trade and other receivables | 2,180 | 2,373 |



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

5.2 Non-financial assets

| | 2022 \$'000 | 2021 \$'000 |
|-----------------------------------|----------------|----------------|
| (a) Inventories | | |
| Inventories held for sale | 6 | 21 |
| Inventories held for distribution | 58 | 48 |
| Total inventories | 64 | 69 |

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

| | | |
|---------------------------|-----------|-----------|
| (b) Other assets | | |
| Prepayments | 13 | 55 |
| Total other assets | 13 | 55 |

5.3 Payables, trust funds and deposits and unearned income

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------------------|----------------|----------------|
| (a) Trade and other payables | | |
| <i>Non-statutory payables</i> | | |
| Trade payables | 1,493 | 1,213 |
| Accrued expenses | 47 | 90 |
| Total trade and other payables | 1,540 | 1,303 |

| | | |
|---------------------------------------|------------|------------|
| (b) Trust funds and deposits | | |
| Refundable deposits | 96 | 95 |
| Fire services levy | 16 | 190 |
| Retention amounts | 60 | 138 |
| Other refundable deposits | 82 | 32 |
| Total trust funds and deposits | 254 | 455 |

| | | |
|--|--------------|--------------|
| (c) Unearned income | | |
| Grants received in advance - operating | 3,561 | 2,191 |
| Grants received in advance - capital | 3,614 | 5,000 |
| Total unearned income | 7,175 | 7,191 |

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Unearned income represents contract liabilities and reflect consideration received in advance from customers in respect of government grants. Unearned income are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works and for the use of civic facilities.

Fire service levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

5.4 Interest-bearing liabilities

| | 2022 \$'000 | 2021 \$'000 |
|----------------------|----------------|----------------|
| Current | | |
| Borrowings - secured | 143 | 2,138 |
| | 143 | 2,138 |
| Non-current | | |
| Borrowings - secured | 454 | 597 |
| | 454 | 597 |
| Total | 597 | 2,735 |

Borrowings are secured over Council's rates

(a) The maturity profile for Council's borrowings is:

| | | |
|---|------------|--------------|
| Not later than one year | 143 | 2,138 |
| Later than one year and not later than five years | 454 | 597 |
| Later than five years | - | - |
| | 597 | 2,735 |

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

5.5 Provisions

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| (a) Employee provisions | | |
| Current provisions expected to be wholly settled within 12 months | | |
| Annual leave | 624 | 700 |
| Other leave | 52 | 55 |
| | 676 | 755 |
| Current provisions expected to be wholly settled after 12 months | | |
| Annual leave | 191 | 199 |
| Long service leave | 1,378 | 1,521 |
| | 1,569 | 1,720 |
| Total current employee provisions | 2,245 | 2,475 |
| Non-current | | |
| Long service leave | 184 | 231 |
| Total non-current employee provisions | 184 | 231 |
| Aggregate carrying amount of employee provisions: | | |
| Current | 2,245 | 2,475 |
| Non-current | 184 | 231 |
| Total aggregate carrying amount of employee provisions | 2,429 | 2,706 |

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

| Key assumptions: | 2022 | 2021 |
|------------------|-------|-------|
| discount rate | 3.33% | 0.88% |
| index rate | 3.85% | 2.95% |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

5.6 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

| 2022 | Not later than 1 year \$'000 | Later than 1 year and not later than 2 years \$'000 | Later than 2 years and not later than 5 years \$'000 | Later than 5 years \$'000 | Total \$'000 |
|--------------------|---------------------------------|--|---|------------------------------|-----------------|
| Operating | | | | | |
| Recycling | 34 | - | - | - | 34 |
| Garbage collection | 76 | - | - | - | 76 |
| Consultancies | 830 | 77 | - | - | 907 |
| Total | 940 | 77 | - | - | 1,017 |

| | | | | | |
|---------------------|--------------|----------|----------|----------|--------------|
| Capital | | | | | |
| Buildings | 3,865 | - | - | - | 3,865 |
| Plant and equipment | 26 | - | - | - | 26 |
| Total | 3,891 | - | - | - | 3,891 |

| 2021 | Not later than 1 year \$'000 | Later than 1 year and not later than 2 years \$'000 | Later than 2 years and not later than 5 years \$'000 | Later than 5 years \$'000 | Total \$'000 |
|--------------------|---------------------------------|--|---|------------------------------|-----------------|
| Operating | | | | | |
| Recycling | 310 | - | - | - | 310 |
| Garbage collection | 505 | - | - | - | 505 |
| Consultancies | 50 | - | - | - | 50 |
| Meals for delivery | 78 | - | - | - | 78 |
| Total | 943 | - | - | - | 943 |

| | | | | | |
|---------------------|--------------|----------|----------|----------|--------------|
| Capital | | | | | |
| Buildings | 189 | - | - | - | 189 |
| Roads | 961 | - | - | - | 961 |
| Plant and equipment | 158 | - | - | - | 158 |
| Total | 1,308 | - | - | - | 1,308 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes, and surplus land. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. Some leases include a CPI based revision of the rental charge annually.

Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Not later than one year | 57 | 6 |
| Later than one year and not later than five years | 19 | 20 |
| Later than five years | 1 | - |
| Total | 77 | 26 |

Note 6: Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

| | Carrying amount 30 June 2021 \$'000 | Additions \$'000 | Revaluation \$'000 | Depreciation \$'000 | Disposal \$'000 | Transfers \$'000 | Carrying amount 30 June 2022 \$'000 |
|---------------------|--|---------------------|-----------------------|------------------------|--------------------|---------------------|--|
| Property | 58,142 | 914 | 9,189 | (1,642) | - | 388 | 66,991 |
| Plant and equipment | 7,343 | 1,230 | - | (851) | (38) | - | 7,684 |
| Infrastructure | 173,844 | 11,580 | 20,150 | (5,414) | - | 2,180 | 202,340 |
| Work in progress | 2,772 | 940 | - | - | - | (2,568) | 1,144 |
| Total | 242,101 | 14,664 | 29,339 | (7,907) | (38) | - | 278,159 |

Summary of Work in Progress

| | Opening WIP \$'000 | Additions \$'000 | Write-off \$'000 | Transfers \$'000 | Closing WIP \$'000 |
|----------------|-----------------------|---------------------|---------------------|---------------------|-----------------------|
| Property | 544 | 281 | - | (388) | 437 |
| Infrastructure | 2,228 | 659 | - | (2,180) | 707 |
| Total | 2,772 | 940 | - | (2,568) | 1,144 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(a) Property

| | Freehold land \$'000 | Controlled land* \$'000 | Land under roads \$'000 | Total Land \$'000 | Buildings on freehold land \$'000 | Buildings on controlled land* \$'000 | Total Buildings \$'000 | Work In Progress \$'000 | Total Property \$'000 |
|--|----------------------|-------------------------|-------------------------|-------------------|-----------------------------------|--------------------------------------|------------------------|-------------------------|-----------------------|
| At fair value 1 July 2021 | 6,298 | 6,564 | 243 | 13,105 | 61,839 | 52,214 | 114,053 | 544 | 127,702 |
| Accumulated depreciation at 1 July 2021 | - | - | - | - | (39,552) | (29,464) | (69,016) | - | (69,016) |
| Movements in fair value | 6,298 | 6,564 | 243 | 13,105 | 22,287 | 22,750 | 45,037 | 544 | 58,686 |
| Additions | - | - | - | - | 715 | 199 | 914 | 281 | 1,195 |
| Disposal | 2,480 | 2,033 | 55 | 4,568 | 5,309 | 2,672 | 7,981 | - | 12,549 |
| Transfers | - | - | - | - | 388 | - | 388 | (388) | - |
| Movements in accumulated depreciation | 2,480 | 2,033 | 55 | 4,568 | 6,412 | 2,871 | 9,283 | (107) | 13,744 |
| Depreciation and amortisation | - | - | - | - | (977) | (665) | (1,642) | - | (1,642) |
| Revaluation | - | - | - | - | (2,904) | (456) | (3,360) | - | (3,360) |
| At fair value 30 June 2022 | 8,778 | 8,597 | 298 | 17,673 | 68,251 | 55,085 | 123,336 | 437 | 141,446 |
| Accumulated depreciation at 30 June 2022 | - | - | - | - | (43,433) | (30,585) | (74,018) | - | (74,018) |
| Carrying amount | 8,778 | 8,597 | 298 | 17,673 | 24,818 | 24,500 | 49,318 | 437 | 67,428 |

*Controlled land is Crown land for which Council is Committee of Management.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(b) Plant and Equipment

| | Plant machinery and equipment \$'000 | Fixtures fittings and furniture \$'000 | Library books \$'000 | Artworks \$'000 | Total plant and equipment \$'000 |
|--|--|--|-------------------------|--------------------|--|
| At fair value 1 July 2021 | 9,306 | 1,003 | 1,264 | 1,811 | 13,384 |
| Accumulated depreciation at 1 July 2021 | (4,499) | (669) | (873) | - | (6,041) |
| | 4,807 | 334 | 391 | 1,811 | 7,343 |
| Movements in fair value | | | | | |
| Additions | 1,191 | - | 39 | - | 1,230 |
| Disposal | (446) | - | - | - | (446) |
| | 745 | - | 39 | - | 784 |
| Movements in accumulated depreciation | | | | | |
| Depreciation and amortisation | (744) | (87) | (20) | - | (851) |
| Accumulated depreciation of disposals | 408 | - | - | - | 408 |
| | (336) | (87) | (20) | - | (443) |
| At fair value 30 June 2022 | 10,051 | 1,003 | 1,303 | 1,811 | 14,168 |
| Accumulated depreciation at 30 June 2022 | (4,835) | (756) | (893) | - | (6,484) |
| Carrying amount | 5,216 | 247 | 410 | 1,811 | 7,684 |



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(c) Infrastructure

| | Roads \$'000 | Bridges \$'000 | Footpaths and cycleways \$'000 | Drainage \$'000 | Work In Progress \$'000 | Total Infrastructure \$'000 |
|--|-----------------|-------------------|--------------------------------------|--------------------|-------------------------------|-----------------------------------|
| At fair value 1 July 2021 | 259,595 | 41,496 | 12,336 | 12,516 | 2,228 | 328,171 |
| Accumulated depreciation at 1 July 2021 | (118,851) | (18,848) | (7,426) | (6,974) | - | (152,099) |
| | 140,744 | 22,648 | 4,910 | 5,542 | 2,228 | 176,072 |
| Movements in fair value | | | | | | |
| Additions | 10,104 | 708 | 234 | 534 | 659 | 12,239 |
| Revaluation | 71,258 | 970 | (2,469) | - | - | 69,759 |
| Transfers | 1,611 | 398 | - | 171 | (2,180) | - |
| | 82,973 | 2,076 | (2,235) | 705 | (1,521) | 81,998 |
| Movements in accumulated depreciation | | | | | | |
| Depreciation and amortisation | (4,708) | (373) | (173) | (160) | - | (5,414) |
| Revaluation | (50,783) | (938) | 2,112 | - | - | (49,609) |
| | (55,491) | (1,311) | 1,939 | (160) | - | (55,023) |
| At fair value 30 June 2022 | 342,568 | 43,572 | 10,101 | 13,221 | 707 | 410,169 |
| Accumulated depreciation at 30 June 2022 | (174,342) | (20,159) | (5,487) | (7,134) | - | (207,122) |
| Carrying amount | 168,226 | 23,413 | 4,614 | 6,087 | 707 | 203,047 |

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

| | Depreciation Period | Threshold Limit \$ |
|--|---------------------|-----------------------|
| <i>Asset recognition thresholds and depreciation periods</i> | | |
| Land & land improvements | | |
| land | - | 10,000 |
| land under roads | - | 10,000 |
| Buildings | | |
| buildings | 25 - 193 years | 10,000 |
| Plant and Equipment | | |
| plant, machinery and equipment | 5 - 25 years | 3,000 |
| fixtures, fittings and furniture | 10 years | 3,000 |
| computers and telecommunications | 10 years | 3,000 |
| library books | 3 - 10 years | 1 |
| Infrastructure | | |
| roads - pavements & seals | 10 - 20 years | 10,000 |
| roads - substructure | 30 - 80 years | 10,000 |
| roads - kerb, channel and minor culverts | 30 - 100 years | 10,000 |
| bridges | 50 - 120 years | 10,000 |
| footpaths & cycleways | 10 - 80 years | 10,000 |
| drainage | 50 - 100 years | 10,000 |

Land under roads

Land under roads acquired after 30 June 2008 are brought to account using the fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Depreciation and amortisation

Buildings, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Artworks are not depreciated.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer PW Newman Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

| | Level 1 | Level 2 | Level 3 | Date of Valuation |
|------------------|---------|--------------|---------------|-------------------|
| Land | - | 6,756 | - | Jun-22 |
| Specialised land | - | - | 10,917 | Jun-22 |
| Buildings | - | 873 | 48,445 | Jun-22 |
| Total | - | 7,629 | 59,362 | |

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Council's Manager Assets, Shaun Foy.

The date of the current valuation is detailed in the following table.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows:

| | Level 1 | Level 2 | Level 3 | Date of Valuation |
|-------------------------|---------|---------|----------------|-------------------|
| Roads | - | - | 168,226 | Jun-22 |
| Bridges | - | - | 23,413 | Jun-22 |
| Footpaths and cycleways | - | - | 4,614 | Jun-22 |
| Drainage | - | - | 6,087 | Jun-22 |
| Total | - | - | 202,340 | |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 15% and 80%. The market value of land varies significantly depending on the location of the land and the current market conditions.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 193 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Reconciliation of specialised land | | |
| Land under roads | 298 | 243 |
| Parks and reserves | 10,619 | 7,776 |
| Total specialised land | 10,917 | 8,019 |

6.2 Investment property

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Balance at beginning of financial year | 1,362 | 1,315 |
| Fair value adjustments | 137 | 47 |
| Balance at end of financial year | 1,499 | 1,362 |

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by PW Newman Pty Ltd who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 7: People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Ararat Rural City Council is the parent entity.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Ararat Rural City Council. The Councillors, Chief Executive Officer and Senior Managers are deemed KMP.

Details of KMP at any time during the year are:

Councillors

Councillor Jo Armstrong (Mayor)
 Councillor Peter Beales
 Councillor Gwenda Allgood
 Councillor Rob Armstrong
 Councillor Bob Sanders
 Councillor Bill Waterston
 Councillor Henry Burridge
 Chief Executive Officer - Dr Tim Harrison
 Executive Officer/Deputy CEO
 Manager Planning, Community & Compliance
 Manager Corporate Support

| | 2022 No. | 2021 No. |
|---|-------------|-------------|
| Total Number of Councillors | 7 | 11 |
| Total of Chief Executive Officer and other Key Management Personnel | 4 | 4 |
| Total number of Key Management Personnel | 11 | 15 |

(c) Remuneration of Key Management Personnel

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Total remuneration of key management personnel was as follows: | | |
| Short-term benefits | 815 | 907 |
| Long-term benefits | 9 | (26) |
| Post employment benefits | 62 | 83 |
| Termination benefits | 116 | - |
| Total | 1,002 | 964 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

| | 2022 No. | 2021 No. |
|-----------------------|-------------|-------------|
| \$0 - \$9,999 | - | 4 |
| \$10,000 - \$19,999 | - | 4 |
| \$20,000 - \$29,999 | 5 | 2 |
| \$30,000 - \$39,999 | 1 | - |
| \$60,000 - \$69,000 | - | 1 |
| \$70,000 - \$79,000 | 1 | - |
| \$140,000 - \$149,000 | - | 1 |
| \$150,000 - \$159,000 | 1 | - |
| \$160,000 - \$169,999 | - | 1 |
| \$170,000 - \$179,000 | 1 | - |
| \$180,000 - \$189,999 | - | 1 |
| \$190,000 - \$199,000 | 1 | - |
| \$250,000 - \$259,000 | 1 | - |
| \$270,000 - \$279,999 | - | 1 |
| | 11 | 15 |

In accordance with accounting standards, the remuneration amounts include wages and salaries, employer superannuation contributions, vehicle benefits and movements in unused leave.

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

Council has no officers that meet the requirements of a Senior Officer, in the current or previous financial year.



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties within normal customer relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Remuneration to related parties of Councillors. The employment was on normal terms and conditions of employment with Council. | 19 | 39 |

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Locksmith, engraving and site camera installation services supplied to Council by a business that is a related party of a Councillor. | 28 | 34 |

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Nil

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

Nil

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

Nil



NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 8: Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. At balance date the Council are not aware of any contingent assets.

(b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 are \$19,000.

Gravel pits

Council operates a number of gravel pits. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council has assessed the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 2020. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of Council's contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements, it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 2% and - 2% in market interest rates (AUD) from year-end rates of 0.85%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Note 9: Other matters

9.1 Reserves

(a) Asset revaluation reserves

| | Balance at beginning of reporting period \$'000 | Increment (decrement) \$'000 | Balance at end of reporting period \$'000 |
|---|--|---------------------------------|--|
| 2022 | | | |
| Artworks | | | |
| Artworks | 961 | - | 961 |
| | 961 | - | 961 |
| Property | | | |
| Land | 9,765 | 4,568 | 14,333 |
| Buildings | 26,073 | 4,621 | 30,694 |
| | 35,838 | 9,189 | 45,027 |
| Infrastructure | | | |
| Roads | 94,710 | 20,475 | 115,185 |
| Bridges | 18,540 | 32 | 18,572 |
| Footpaths and cycleways | 5,087 | (357) | 4,730 |
| Drainage | 790 | - | 790 |
| | 119,127 | 20,150 | 139,277 |
| Total asset revaluation reserves | 155,926 | 29,339 | 185,265 |
| 2021 | | | |
| Artworks | | | |
| Artworks | 961 | - | 961 |
| | 961 | - | 961 |
| Property | | | |
| Land | 9,765 | - | 9,765 |
| Buildings | 26,073 | - | 26,073 |
| | 35,838 | - | 35,838 |
| Infrastructure | | | |
| Roads | 80,774 | 13,936 | 94,710 |
| Bridges | 20,193 | (1,653) | 18,540 |
| Footpaths and cycleways | 6,462 | (1,375) | 5,087 |
| Drainage | 790 | - | 790 |
| | 108,219 | 10,908 | 119,127 |
| Total asset revaluation reserves | 145,018 | 10,908 | 155,926 |

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(b) Other reserves

| | Balance at beginning of reporting period \$'000 | Transfer from accumulated surplus \$'000 | Transfer to accumulated surplus \$'000 | Balance at end of reporting period \$'000 |
|-------------------------------|---|--|--|---|
| 2022 | | | | |
| Capital works and projects | 13,767 | 13,817 | (13,767) | 13,817 |
| Plant replacement | 775 | - | (269) | 506 |
| Vehicle replacement | 344 | - | (344) | - |
| Election costs | 37 | - | (37) | - |
| Aerial imaging | 8 | - | (8) | - |
| Library | 235 | - | (235) | - |
| Defined benefits | 361 | - | (361) | - |
| Essential services | 195 | - | (195) | - |
| Recreational land | 78 | 22 | - | 100 |
| Gravel pit restoration | - | 10 | - | 10 |
| Building capital | 3,081 | 2,927 | (50) | 5,958 |
| Environmental projects | 95 | - | - | 95 |
| Waste management | 1,890 | 275 | (647) | 1,518 |
| Asset management | 165 | - | (165) | - |
| Information technology | 597 | - | (597) | - |
| Loan repayment | 2,000 | - | (2,000) | - |
| Aerodrome | 46 | - | (46) | - |
| Total Other reserves | 23,674 | 17,051 | (18,721) | 22,004 |
| 2021 | | | | |
| Capital works and projects | 8,286 | 13,767 | (8,286) | 13,767 |
| Plant replacement | 329 | 446 | - | 775 |
| Vehicle replacement | 465 | - | (121) | 344 |
| Election costs | 105 | - | (68) | 37 |
| Aerial imaging | 8 | - | - | 8 |
| Library | 235 | - | - | 235 |
| Defined benefits | 361 | - | - | 361 |
| Essential services | 195 | - | - | 195 |
| Recreational land | 72 | 6 | - | 78 |
| Gravel pit restoration | 137 | - | (137) | - |
| Building capital | 4,351 | 78 | (1,348) | 3,081 |
| Environmental projects | 95 | - | - | 95 |
| Waste management | 1,362 | 528 | - | 1,890 |
| Asset management | 165 | - | - | 165 |
| Information technology | 597 | - | - | 597 |
| Loan repayment | 1,714 | 286 | - | 2,000 |
| Aerodrome | 46 | - | - | 46 |
| Total Other reserves | 18,523 | 15,111 | (9,960) | 23,674 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Description of the nature and purpose of each reserve:

Capital Works and Projects – specific purpose reserve used to fund major capital works projects.

Plant Replacement – specific purpose reserve used to replace major items of plant and equipment.

Vehicle Replacement – specific purpose reserve used to replace vehicles.

Election Costs – specific purpose reserve used to fund election.

Aerial Imaging – specific purpose reserve used to fund aerial imaging costs.

Library – specific purpose reserve used to fund library upgrade works.

Defined Benefits – specific purpose reserve used to fund defined benefit superannuation calls.

Essential Services – specific purpose reserve used to fund essential services reports and works.

Recreational Land – specific purpose reserve used to fund public open space works.

Gravel Pit Restoration – specific purpose reserve used to fund works required to reinstate gravel pits.

Building Capital – specific purpose reserve used to fund major building capital works.

Environmental Projects – specific purpose reserve used to fund innovative environmental projects.

Waste Management – specific purpose reserve used to fund works at waste management facilities.

Asset Management – specific purpose reserve used to fund asset management works.

Information Technology – specific purpose reserve used to fund information technology works.

Loan Repayment – specific purpose reserve used to provide for repayment of loans.

Aerodrome – specific purpose reserve used to fund works required at the Ararat Aerodrome.

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| Surplus/(deficit) for the year | 7,356 | 6,068 |
| Depreciation | 7,907 | 9,641 |
| (Profit)/loss on disposal of property, infrastructure, plant and equipment | (147) | (136) |
| Fair value adjustments for investment property | (137) | (47) |
| Borrowing Costs | 54 | 116 |
| Other | - | (1) |
| Change in assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | 314 | (1,534) |
| (Increase)/decrease in inventories | 5 | 7 |
| (Increase)/decrease in prepayments | 42 | (41) |
| Increase/(decrease) in trade and other payables | 237 | (76) |
| Increase/(decrease) in trust funds and deposits | (201) | 167 |
| Increase/(decrease) in unearned income | (16) | 5,972 |
| Increase/(decrease) in provisions | (277) | (189) |
| Net cash provided by/(used in) operating activities | 15,137 | 19,947 |

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/ Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2021, an interim actuarial investigation was conducted and completed by the due date of 31 October 2021.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

- Net investment returns - 4.75% pa
- Salary information - 2.75% pa
- Price inflation (CPI) - 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

- Net investment returns - 5.5% pa
- Salary information - 2.5% pa to 30 June 2023, and 3.5% pa thereafter
- Price inflation (CPI) - 3.0% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

| | 2021 (Interim) \$m | 2020 (Triennial) \$m |
|---------------------------------------|--------------------------|----------------------------|
| A VBI Surplus | 214.7 | 100.0 |
| A total service liability surplus | 270.3 | 200.0 |
| A discounted accrued benefits surplus | 285.2 | 217.8 |

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2022

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

| Scheme | Type of Scheme | Rate | 2022 \$'000 | 2021 \$'000 |
|-------------------|------------------|--------|----------------|----------------|
| Vision super | Defined benefits | 10.00% | 37 | 59 |
| Vision super | Accumulation | 10.00% | 644 | 692 |
| Other super funds | Accumulation | 10.00% | 264 | 244 |

10 Change in accounting policy

There have been no changes to accounting policies in the 2021-22 year.

There are no pending accounting standards that are likely to have a material impact on council.



PERFORMANCE STATEMENT

For the year ended 30 June 2022

Description of Municipality

Ararat Rural City lies at an important junction of the Western and Pyrenees highways 198 kilometres north-west of Melbourne, approximately a quarter of the way between Melbourne and Adelaide.

Centrally located to the Grampians National Park, the Goldfields, the Southern Coast and metropolitan Melbourne, the Ararat region is not far from anywhere.

Ararat is a major regional service centre in Victoria's mid-west and is supported by a number of small rural townships. Ararat Rural City has excellent schools, hospitals, transport connections and amenities that support a regional lifestyle.

Ararat Rural City is also the gateway to the world-renowned Grampians region where local produce, wine production, agriculture and tourism are among the economic mainstays. Diverse retail and manufacturing industries are spearheading a growing economy.

The region is nestled within picturesque landscapes which include magnificent natural environments and beautiful inland lakes. Our environment allows for a diverse range of recreational activities to be enjoyed by both residents and visitors to the municipality.

Municipal Snapshot

Population » 11,922 (Australian Bureau of Statistics – Population Estimates by Local Government Area)

Area » 4,230 square kilometres

Rateable properties » 7,227

Number of Councillors » 7

Rates and charges revenue » \$17.516 million

Total revenue » \$36.620 million

Length of sealed local roads » 732 kms

Length of unsealed local roads » 1,469 kms

Length of natural surface roads » 254 kms

Total road length » 2,455 kms

Overview of 2022

During the financial year council completed the changeroom upgrades at the Willaura Recreation Reserve, and preliminary works have been undertaken for the Gordon Street Recreation Reserve development. Extensive roadworks were undertaken to improve Council's road network, including Back Bolac Road, Helendoite Road, Chatsworth-Wickliffe Road, Darlington-Nerrin Road, Chatsworth-Lake Bolac Road, Baird Street, Dean Street and Pollands Road Bridge.

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2022

| Indicator / measure [formula] | Results | | | | Comment |
|---|-------------|-------------|-------------|-------------|--|
| | 2019 | 2020 | 2021 | 2022 | |
| Population | | | | | |
| Expenses per head of municipal population | \$2,559.14 | \$2,552.81 | \$2,434.43 | \$2,454.62 | |
| [Total expenses / Municipal population] | | | | | |
| Infrastructure per head of municipal population | \$17,820.01 | \$17,841.20 | \$19,138.82 | \$21,849.19 | The 14.16% increase in 2022 was due to the revaluation of property and infrastructure assets. |
| [Value of infrastructure / Municipal population] | | | | | |
| Population density per length of road | 4.87 | 4.89 | 4.94 | 4.92 | |
| [Municipal population / Kilometres of local roads] | | | | | |
| Own-source revenue | | | | | |
| Own-source revenue per head of municipal population | \$1,620.86 | \$1,649.13 | \$1,611.45 | \$1,623.47 | |
| [Own-source revenue / Municipal population] | | | | | |
| Recurrent grants | | | | | |
| Recurrent grants per head of municipal population | \$702.16 | \$723.77 | \$943.59 | \$921.74 | Council received a 5-year allocation of \$7.307 million for Roads to Recovery for 2019-2024. Council increased the level of Roads to Recovery projects undertaken in 2021 with grant funding of \$3.605 million, compared to \$1.319 million in 2022. This has resulted in a decline in recurrent grants of 2.32% in 2022. |
| [Recurrent grants / Municipal population] | | | | | |
| Disadvantage | | | | | |
| Relative Socio-Economic Disadvantage | 1 | 1 | 1 | 1 | |
| [Index of Relative Socio-Economic Disadvantage by decile] | | | | | |
| Workforce turnover | | | | | |
| Percentage of staff turnover | 10.4% | 14.7% | 13.5% | 16.8% | This indicator has increased due to service changes impacting staff turnover, such as Council's move out of providing Home Care Services, and the outsourcing of Environmental Health Services. There was also a higher number of staff resignations in 2021/2022. |
| [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100 | | | | | |

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2022

Definitions

“adjusted underlying revenue” means total income other than:

(a) non-recurrent grants used to fund capital expenditure; and

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to above

“infrastructure” means non-current property, plant and equipment excluding land

“local road” means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

“population” means the resident population estimate, as per Australian Bureau of Statistics – Population Estimates by Local Government Area

“own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

“relative socio-economic disadvantage”, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

“SEIFA” means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

“unrestricted cash” means all cash and cash equivalents other than restricted cash.

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2022

| Service / Indicator / measure | Results | | | | Comment |
|---|----------------|---------|---------|--------|--|
| | 2019 | 2020 | 2021 | 2022 | |
| Aquatic Facilities | | | | | |
| Utilisation | | | | | |
| Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population] | 8.68 | 4.13 | 1.20 | 2.65 | Council saw an increase of 17,234 patrons visiting our municipal pools during the 2021/2022 financial year. This result is tracking toward a normal year as expected coming out of a year of significant closures and lockdowns. Council remain actively focussed on increasing utilisation of our pools and fitness centre to ensure these services are viable into the future. |
| Animal Management | | | | | |
| Health and safety | | | | | |
| Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100 | New in 2020 | 0% | 0% | 0% | There were no animal prosecutions during this reporting period. |
| Food Safety | | | | | |
| Health and safety | | | | | |
| Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non- compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100 | 95.00% | 114.29% | 100.00% | 83.33% | In 2022 Council received 18 non-compliance notifications regarding food premises, 15 of which were recorded as followed up (a possible reporting error.). Since the reporting period Council have outsourced the Food Safety and Health service to ensure greater compliance, and continues to work with businesses to ensure regulatory standards are met. |

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2022

| Service / indicator / measure | Results | | | | Material Variations |
|--|---------|--------|--------|--------|--|
| | 2019 | 2020 | 2021 | 2022 | |
| Governance | | | | | |
| Satisfaction | | | | | |
| Satisfaction with Council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community] | 46 | 57 | 63 | 65 | Council has placed a strong focus on consulting the community in regard to decisions made in their best interests, which has seen a further 3% rise in this indicator from 2020/2021. While the improvement is encouraging, Council is committed to continuous and ongoing improvement in this area. |
| Libraries | | | | | |
| Participation | | | | | |
| Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100 | 13.59% | 11.75% | 10.71% | 8.55% | 2021/2022 results indicate a continual decrease in active borrowers. Council are actively working to re-establish borrowing in the wake of the pandemic. This indicator does not capture other library activity for example children and youth programs, digital literacy programs and events, the use of public PCs, using facilities such as meeting rooms or study areas, or using services such as Wi-Fi, all which are key focus areas for the service. |
| Maternal and Child Health (MCH) | | | | | |
| Participation | | | | | |
| Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 | 79.56% | 81.45% | 85.59% | 85.53% | Participation levels have remained steady since last reporting period, especially given the disruptions presented by COVID-19 closures during 2021. Council continue to review engagement practices within the maternal and child health service to increase participation rates. |
| Participation | | | | | |
| Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 | 84.62% | 80.00% | 92.00% | 87.50% | Council has 16 Aboriginal children enrolled in the maternal and child health service with 2 children having not attended in the last 12 months. Such low numbers creates sensitivity when reporting in percentages, however attendance in the program continues to be strong, and Council continue to review engagement practices to increase participation rates. |

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2022

| Service / indicator / measure | Results | | | | Comment |
|---|---------|--------|--------|--------|--|
| | 2019 | 2020 | 2021 | 2022 | |
| Roads | | | | | |
| Satisfaction | | | | | |
| Satisfaction with sealed local roads | 50 | 56 | 59 | 58 | This result reflects steady sentiment around community satisfaction with Council's local roads compared to recent years. It is envisaged that the ongoing investment in road renewal outlined in Council's budget 2021/2022 will continue to improve community satisfaction in the longer term. |
| [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads] | | | | | |
| Statutory Planning | | | | | |
| Decision making | | | | | |
| Council planning decisions upheld at VCAT | 0% | 0% | 0% | 100% | There was one VCAT decision in 2021/2022, and none in the last 3 years. The VCAT decision upheld Council's decision. |
| [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 | | | | | |
| Waste Collection | | | | | |
| Waste diversion | | | | | |
| Kerbside collection waste diverted from landfill | 25.95% | 25.19% | 23.96% | 21.02% | Waste diverted from landfill is slightly less than previous years, and quite low compared to state average. Council is working with contractors, neighbouring Councils and the waste and resource recovery group to establish opportunities for reducing the amount of waste being sent to landfill. |
| [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | | | | | |

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2022

Definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

“active library borrower” means a member of a library who has borrowed a book from the library

“annual report” means an annual report prepared by a council under section 98 of the Act

“class 1 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

“class 2 food premises” means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

“critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

“food premises” has the same meaning as in the Food Act 1984

“local road” means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

“major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

“MCH” means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

“population” means the resident population estimated by council

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2022

| Dimension / indicator / measure | Results | | | | | Forecasts | | | Material Variations |
|---|------------|--------|--------|--------|--------|-----------|--------|--------|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | |
| Stability | | | | | | | | | |
| Rates concentration | | | | | | | | | |
| Rates compared to adjusted underlying revenue | 56.78% | 61.17% | 55.31% | 55.29% | 63.65% | 63.58% | 61.70% | 61.95% | |
| [Rate revenue / Adjusted underlying revenue] x100 | | | | | | | | | |
| Rates effort | | | | | | | | | |
| Rates compared to property values | 0.62% | 0.62% | 0.54% | 0.41% | 0.29% | 0.29% | 0.30% | 0.31% | |
| [Rate revenue / Capital improved value of rateable properties in the municipality] x100 | | | | | | | | | Council has delivered a net rate rise of 0% for the past five years. The significant decrease of 24.05% in 2022 is due to a 29% increase in the total valuation of all properties following the 2021 revaluation. The forecast results are based on the 2022 revaluation which has resulted in a further 44% increase in the total valuation of all properties. |
| Former measures | | | | | | | | | |
| Animal Management Health and safety | | | | | | | | | |
| Animal management prosecutions | 0 | | | | | | | | |
| [Number of successful animal management prosecutions] | | | | | | | | | This measure was replaced by Animal management prosecutions (%) for 2020. |
| Efficiency | | | | | | | | | |
| Revenue level | | | | | | | | | |
| Average residential rate per residential property assessment | \$1,777.60 | | | | | | | | |
| [Residential rate revenue / Number of residential property assessments] | | | | | | | | | This measure was replaced by Average rate per property assessment for 2020. |
| Obligations | | | | | | | | | |
| Asset Renewal | | | | | | | | | |
| Asset renewal compared to depreciation | 93.92% | | | | | | | | |
| [Asset renewal expense / Asset depreciation] x100 | | | | | | | | | This measure was replaced by Asset renewal and upgrade compared to depreciation for 2020. |

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2022

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

OTHER INFORMATION

For the year ended 30 June 2022

Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.


Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, and the results forecast by Council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its Budget on 28 June 2022 and which forms part of the council plan. The Budget includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Budget can be obtained by contacting council.

CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.



Karissa Hogan, BCom, CPA
Principal Accounting Officer

Dated: 27 September 2022

In our opinion, the accompanying performance statement of the Ararat Rural City Council for the year ended 30 June 2022 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify this performance statement in its final form.



Jo Armstrong
Councillor

Dated: 27 September 2022



Henry Burrige
Councillor

Dated: 27 September 2022



Dr Tim Harrison
Chief Executive Officer

Dated: 27 September 2022

Independent Auditor's Report

To the Councillors of Ararat Rural City Council

| | |
|--|---|
| Opinion | <p>I have audited the accompanying performance statement of Ararat Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2022 • sustainable capacity indicators for the year ended 30 June 2022 • service performance indicators for the year ended 30 June 2022 • financial performance indicators for the year ended 30 June 2022 • other information and • certification of the performance statement. <p>In my opinion, the performance statement of Ararat Rural City Council in respect of the year ended 30 June 2022 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the <i>Local Government Act 2020</i> and <i>Local Government (Planning and Reporting) Regulations 2020</i>.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the performance statement | <p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p> |

Auditor's responsibilities for the audit of the performance statement

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
3 October 2022



Travis Derricott
as delegate for the Auditor-General of Victoria



Ararat Rural City

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Owners of the land on which we meet, and pay our respects to their Elders, past, present and emerging.

CONTACTING COUNCIL

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Ararat 3377

To reduce environmental impact, residents and interested parties are encouraged to access the report via Council's website, www.ararat.vic.gov.au.



Ararat Rural City

www.ararat.vic.gov.au