



Ararat Rural City

ANNUAL REPORT 2022/2023





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INTRODUCTION

Ararat Rural City Council is pleased to present our Annual Report for 2022/2023.

The Annual Report is Council's primary tool for reporting to our community and stakeholders on service delivery and financial performance and is a vital part of our overall governance framework and commitment to transparency and accountability.

Each year, Council aims to ensure that the annual report is relevant to all stakeholders and focuses on ensuring readability. Our community and stakeholders include residents and ratepayers, local business owners, potential investors, community groups, government agencies, funding bodies and present and future staff.

In accordance with the Local Government Act 2020, all Councils must present an annual report to the Council meeting within four months after the end of the financial year. The annual report must include a copy of the council's audited financial statements for the relevant financial year and it must contain assessment of the Council's performance against the objectives stated in the relevant municipal plan.

In addition to meeting our legislative obligations, the objectives of this report are to:

- Communicate our vision and strategic direction for the community
- Instil community confidence in our ability to show strong leadership and deliver on our promises
- Demonstrate our commitment to good governance as an accountable and transparent local government
- Promote Ararat Rural City Council to investors locally and with our international neighbours and partners
- Build confidence and satisfaction in the partnerships that are being created with other levels of government, community groups, local business and industry leaders through key projects and services
- Recognise the achievements of our organisation; and
- Market Council as an employer of choice for current and future staff.

HIGHLIGHTS AND MAJOR ACHIEVEMENTS

FAST FACTS

**0%**

Rate increase. The only council in Victoria to achieve a net zero per cent rate increase over the past five years

**159**

Planning applications received

**404**

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

**7,297**

Rateable properties

**35,838**

Visits to aquatic facilities (indoor and outdoor facilities)

**745**

Tonnes of organic waste and recyclables collected from kerbside bins

**28**

Number of animals rehomed

**947**

Library borrowers for 2022/2023 (Ararat, Lake Bolac and Outreach Library)



Supporting new and expanding businesses, the Facade Grant scheme supported eight businesses with close to

\$40,000

of funding being distributed

MESSAGE FROM THE MAYOR



I am delighted to introduce Ararat Rural City Council's Annual Report for the year 2022/2023 to our community. This year has presented us with various challenges, most notably the substantial impact of flooding on our road infrastructure. Furthermore, we have strategically navigated a cautious economic environment.

This report provides an overview of the Council's operational performance, assessing its alignment with the primary goals and strategies outlined in our Council Budget for the fiscal year 2022/2023 and the second year of our Council Plan spanning 2021 to 2025.

Serving as your mayor during this period has been highly rewarding, with my council colleagues and the entire organisation committed to achieving the best possible results for our community. The CEO's leadership of the organisation continues to be transformational, and we are most pleased to have renewed Dr Tim Harrison's contract.

Together, councillors are unashamedly ambitious in our goals, and I very much appreciate the collaborative effort invested by everyone as we work towards consensus and arrive at evidence-based decisions.

We have not only maintained our rating strategy which resulted in a net 0% increase in our rates budget over the course of a record six years, but in conjunction with the confidence of our community and local businesses, Ararat has sustained full employment and experienced robust economic growth.

One significant implementation that I wish to highlight in 2022-2023 was rolling out the Revolution Ararat Program which demonstrates Council's commitment to reducing the amount of waste delivered to landfill by introducing a residential waste collection system that segregates waste, recycling, organics and glass across the whole of the municipality as part of Victoria's waste reform.

Likewise, we are nearing the exciting conclusion of another project, the Gordon Street Recreation Reserve. This transformational redevelopment is poised to significantly enhance our community's assets, shaping the future of sports in Ararat Rural City by bridging the divide between elite and grassroots sports. This essential infrastructure will empower local clubs to boost participation and keep up with the growth of sport.

Further outcomes that highlight Council's advocacy efforts and our resolve to deliver major projects include:

- Completed the Aradale Economic and Social Development Strategy report and commenced our advocacy plan for the Aradale site.
- Commenced the project to support local businesses in developing transitional worker housing.
- Established Ararat Housing Enterprise Ltd, a beneficial enterprise to support affordable housing development.
- Commenced the trunk infrastructure to unlock development at the Ararat East Development Zone and to continue to deliver the Workforce Pilot and New Settlement Program to secure a much-needed labour supply for local industry.
- Implemented local processing of organic and glass waste streams collected by the Revolution Ararat Program, driven by our circular economy policy.
- Continued Council's record investment to renew and upgrade primary agricultural freight routes.
- Supported our community to access trauma-informed recovery support and programs.
- Completed the Free Public WiFi network across Ararat and Lake Bolac, bringing the community and visitors together and enabling people to stay connected.
- Completion of the upgrade to the Barkly Street Walkway between Barkly Street and North Right of Way, and the renovation upgrade to the Lake Bolac Community Complex kitchen.

These projects position us to capitalise on the progress we've achieved, allowing us to provide improved infrastructure services that align with the demands of our expanding population.

In the upcoming year, the Council's primary goals will revolve around the successful delivery of these projects and the ongoing pursuits of enhancement in our core services, upon which you depend.

Cr Jo Armstrong

Mayor



MESSAGE FROM THE CEO



Thank you for taking the time to read Ararat Rural City Council's Annual Report for 2022/2023. It is always feels a little strange to read through the document and reflect on a year that is well and truly in the past. Looking through this lens 2021/2022 was a big year for our organisation. This was a period when we were coming out of and recovering from the COVID pandemic, responded to a significant flood event in October 2023 and continued to focus on delivering for our community.

Our organisation continues to seek to improve our performance across all areas of operation. It was pleasing to see that Council achieved better than state average in 18 of 21 measures in the Annual Local Government Community Satisfaction Survey. We still have a long way to go to be delivering to our community at the standard that we would like to and that you deserve. Our commitment is that we will continue to deliver public value and improve our service delivery.

In the 2022/2023 Budget Council delivered a zero percent rate rise, meaning that ratepayers in Ararat have overall not had an average zero percent rate increase over six financial years. As an organisation we are very proud of this result and see that it reflects our commitment to continuous improvement, seeking financial efficiency and delivering public value. The zero percent rate rise is an opportunity for Council to share a dividend to the community based on organisational improvements.

I would like to take this opportunity to thank all of our Council staff for their commitment, flexibility and dedication, not only for the 2022/2023 financial year, but for my whole first term as Chief Executive Officer. Council is lucky to have staff who work hard to deliver to our community, in what are often difficult circumstances. I have asked our ARCC people to accept a huge amount of change in the way on which we work and are managed over the last four years and most of us have responded to the challenges presented.

During 2022/2023 we saw a very volatile market operating around construction and civil works. This led Council to decide to adopt a more conservative approach to our Capital Works program. Some community facility work had to be delayed due to excessive cost increases and Council relied more heavily on internal resources to complete our capital works program.

It has been exciting to see some positive outcomes emerge for the local economy during 2022/2023. We have seen positive movement around improvements housing, development of new economic activity centred on renewable energy and the circular economy and strong interest in developing tourism assets across our municipality.

I continue to enjoy the challenges of my role as CEO. It is the great highlight of my working life. I remain very proud to work for a Council that is visionary and ambitious. It is a great privilege to lead a team of people at Council who are committed to be "community people", working hard to deliver public value and be better at what we do every day.

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



11,741

Population



4,230 km²

Area



2,455 km

Length of local roads



7,297

Rateable properties



133.21

Number of Employees EFT



\$17.696 m

Rate and charge revenue

\$38.445 m

Total Revenue

WHERE WE LIVE

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 and Pura Pura and Armstrong.



OUR COUNCIL

Depots:

24 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: August 1982
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

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



Cr Henry Burrridge

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



Cr Bob Sanders – Deputy Mayor

Date elected: 24 October 2020

E: bsanders@ararat.vic.gov.au

M: 0427 939 734



Cr Bill Waterston

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 results of the 2023 Local Government Community Satisfaction Survey shows that the Ararat Rural City Council continues to outperform most other councils. In 21 out of 23 core measures, the Council significantly outperformed or scored higher than the State-wide average. Council performed equal to or not significantly different to the State-wide average in the other 2 core measures. These results are a testament to our consistent work and achievements over the past year.

A chart setting out the organisational structure of the Council is provided on the following page. Ararat Rural City Council is a relatively small, serviced based organisation. We employ around 133 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.



Dr Tim Harrison – Chief Executive Officer

Commenced: 1 October 2018

CEO'S OFFICE

Dr Tm Harrison
Josie Frawley

SERVICE STREAMS		KEY PERSONNEL	SUPPORT PERSONNEL	
ORGANISATIONAL TRANSFORMATION	IT systems Organisational performance management KPI program	Glenn Carmen Melanie Roberts Jaiden Bach	Shaun Foy Jessie Bunge Erin Mackley	
HUMAN RESOURCES	Human resources management Staff performance management Payroll	Paula Davidson Emma Coburn	VECCI Meerkin & Apel	
ECONOMIC DEVELOPMENT	Major economic development projects GABNet Tourism	Tim McDougall Phillippa Cairns	Grampians Tourism Jo Hutchison	
GOVERNANCE AND RISK	Governance Risk management Statutory reporting Occupational health and safety	Chandra Wilmott Candice O'Brien	Audit Committee Legal advisors	
COMMUNICATION	Media Council website Social media	Sarah Benkhauser	Tim McDougall	
DESIGN AND PROJECT MANAGEMENT	Capital project design and costing Capital works project management Capital works planning	Damith Yapa Jeremy Learmonth Tim Taylor	Alex Pickett James Hosking	
ASSET MANAGEMENT	Asset valuation GIS Asset condition reporting	Shaun Foy Hanif Muhammad Russel Day	Jeremy Learmonth Tim Taylor James Hosking	
OPERATIONS	Local road maintenance Parks and gardens Building maintenance Road construction Bridge maintenance	Charles Mason Ian Cooper Keith Johnson Daniel Fergusson Paul Young	Jason Cleary Paul Fenn	
ARTS, CULTURE AND HERITAGE	Ararat Art Gallery (TAMA) Performing Arts Centre	Katy Mitchell Tim Lewis		
EMERGENCY MANAGEMENT	Emergency Planning MERO & MRM roles	Kristi Sullivan Paula Davidson	Rebecca Rodger Paul Fenn Leigh Jeffrey	
WASTE MANAGEMENT	Circular economy Kerbside collection Transfer stations	Rebecca Rodger Ian Cooper John Matthews	Bruce Thomas	
SUSTAINABILITY	Roadside pest management Environment Vegetation management and offsets	Rebecca Rodger Kristi Sullivan	Wildlife and Ecology Consultants	
COMMUNITY EVENTS	Support community events Community event funding Community Support Funding Program	Josie Frawley		
RECREATION SERVICES	Ararat Leisure Centre Outdoor Pools Recreation Officer role	Janeen Williamson Amy Wood	Casual workforce	
FUNCTION SPACES	Alexandra Oval Community Centre Gum San Great Hall Sporting club relationships	Amy Wood		
LIBRARY SERVICES	Ararat Library Lake Bolac Business and Information Centre Mobile library services	Ashlee McKinnis	Ballarat Library Service Part-time staff	
CHILD SERVICES	Maternal and child health	Therese Arnott Brooke Jess Anne Martin	Margaret Driscoll Alison Greene	
CUSTOMER SERVICE	Vincent St customer service centre Telephone service Customer charter development	Katie Collins Dee Collings	Kerrilee Burns Ellie Fordham	
FINANCE AND RATING	Financial accounting Management accounting Rates management	Karissa Hogan Kerrilee Burns	Linda Coad Ellie Fordham Nicole Gerrard	
PROCUREMENT	Procurement management Purchasing policy compliance Vehicle fleet management	Rebecca Rodger	Linda Coad Jo Jackson	
Rob Fillicsh MANAGER DEVELOPMENT & REGULATION	PLANNING	Statutory planning Strategic planning Planning compliance	Panel of consultants Leigh Jeffrey	
	MUNICIPAL BUILDING SURVEYOR	Statutory Building Surveying Emergency Service Measure project	Craig Fletcher Mandy Tucker	Contract structural engineers
	ENVIRONMENTAL HEALTH	Food safety programs Wastewater systems Public health programs	Kernow Consulting Ainsley Cameron	
	COMMUNITY SAFETY	Animal management Parking management Local Laws management	Danielle Jenkins Lyndon Turner VACANT	

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	2.59	3.94	6.53
Band 2	6.42	5.39	11.81
Band 3	6.31	23.91	30.22
Band 4	9.8	18.27	28.08
Band 5	9.97	12.83	22.79
Band 6	3.31	3.41	6.71
Band 7	4.73	5.00	9.73
Band 8	5.00	4.00	9.00
Senior Officers	0.00	2.00	2.00
Maternal and Child Health	2.34	0.00	2.34
Apprentices	0.00	1.00	1.00
Trainees	1.00	2.00	3.00
Total	51.46	81.74	133.21

OTHER STAFF MATTERS

GENDER EQUALITY ACTION PLAN (GEAP)

Council's Gender Equality Action Plan is intersectional in nature and will build on our history and approach to diversity and inclusion while explicitly focusing on and addressing gender inequality in our workplace.

Submitted to the Gender Equality in the previous financial year, Council has completed a number of actions and is committed to our ongoing journey in this space. Completed actions include:

- Active bystander training of all staff.
- Review of Recruitment Policy and Procedure.
- Review of Equal Employment Opportunity Policy.
- Review of Family Violence Leave and Disclosures Policy.

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

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.

As members of the CoRE (Communities of Respect & Equality) Alliance, Council incorporates initiatives and programs focussing on education for all Councillors and employees.

PROFESSIONAL DEVELOPMENT

Council is committed to the ongoing development of the workforce through further education and training. This year saw many employees embrace this opportunity through online, face-to-face, and asynchronous modes.

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 2022/2023 financial year the following employee milestones were reached:



5 years

Shaun Foy
Erin Mackley
Chris Kircos



10 years

Trevor Keilar
Joanne Hutchison
John Watson
Grant Thomas
Janeen Williamson
Tim McDougall
Glenn Carman



15 years

Jesse Bunge
Muhummad Hanif
Robyn Hemley
Yawen Qin
Peter Eastick
William Eastick



20 years

Narelle Cleary
Keith Johnson
Daryl Ralph



45 years

Raymond Smith



FINANCIAL SUMMARY

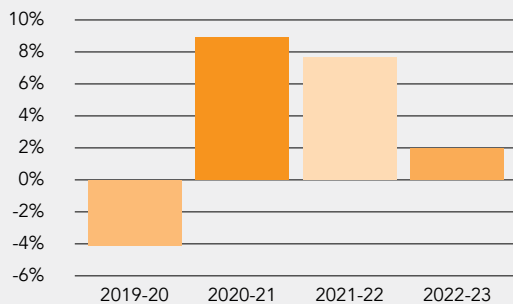
Council's short term financial position continues to remain sound. A summary of our performance is outlined below. Detailed information relating to Council's financial performance is included within the Financial Statements and Performance Statement sections of this Report.

OPERATING POSITION

Council achieved a surplus of \$4.763 million in 2022-23, compared to the prior year surplus of \$7.356 million in 2021-22. The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is \$0.718 million (or 2.06% when compared to adjusted underlying revenue). This result is a decrease compared with a surplus of \$2.419 million in 2021-22 (or 7.64%). 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 2023-24 includes an adjusted underlying surplus of \$1.196 million or 4.50%.

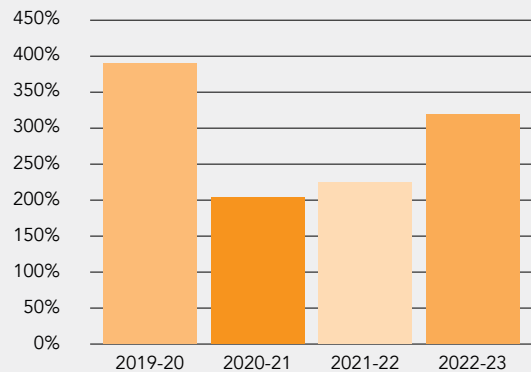
Adjusted Underlying Result Ratio %



LIQUIDITY

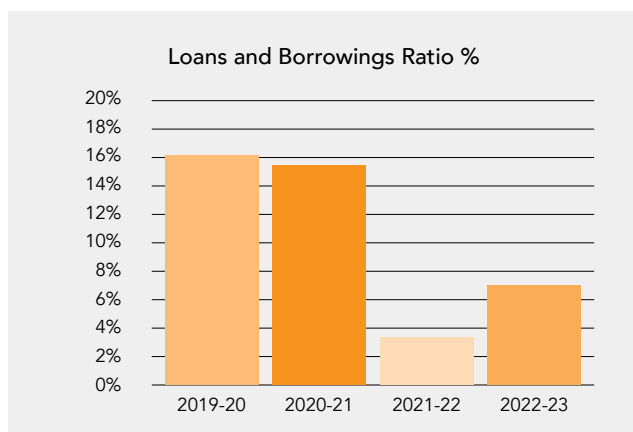
The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities. Council's result of 322% in 2022-23 is an indicator of satisfactory financial position and within Local Government Victoria's expected range of 100% to 400%.

Working Capital Ratio %



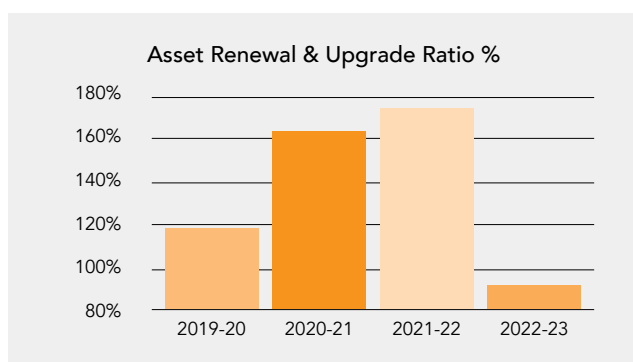
OBLIGATIONS

At the end of 2022-23 Council's debt ratio, which is measured by comparing interest bearing loans and borrowings to rate revenue, was 7% 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.



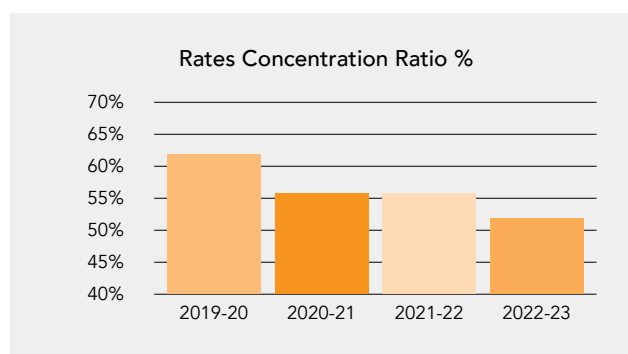
Council aims to ensure that it can maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. During 2022-23 Council completed \$11.586 million in capital works with \$8.296 million relating to the renewal and upgrade of assets.

Council's asset renewal & upgrade ratio, which is measured by comparing asset renewal and upgrade expenditure to depreciation, was 91% in 2022-23 compared with 174% in 2021-22. The reduced percentage has resulted from several asset renewal and upgrade projects being delayed due to unfavourable weather conditions. The expected range for this indicator is between 40% and 130%, and Council is within the expected range as Council continues to prioritise capital works.



STABILITY AND EFFICIENCY

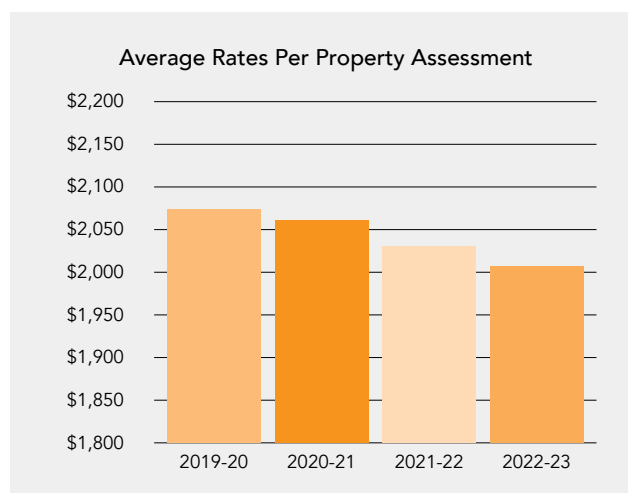
Council raises a wide range of revenues including rates, user fees, fines, grants and contributions, relying heavily on rates and grants to fund services. Council's rates concentration which compares rate revenue to adjusted underlying revenue was 51% for 2022-23 compared with 55% in 2021-22. The budget for 2022-23 allowed for a 0% reduction in the amount raised in general rates and municipal charges. Local Government Victoria's expected range for this ratio 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 \$2,006 for 2022-23 is a further reduction compared to previous years. Council has delivered a net rate rise of 0% over the five-year period up to 2022-23. The rate cap set by the State Government was 1.75% for 2022-23.

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.



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 2022/2023 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. Council is committed to reducing the renewal gap, redirecting cost savings identified during the year to renewal works. Council has redirected savings to provide a net zero percent rate rise over the past five years.

CAPITAL WORKS

During 2022-23 the capital works included the following.

	\$'000
Buildings	3,543
Plant, machinery and equipment	1,900
Fixtures, fittings and furniture	0
Library books	44
Roads	5,300
Bridges	548
Footpaths and cycle ways	221
Drainage	30
Total capital works expenditure	11,586

- Building capital works included \$0.200 million for All Abilities Playground projects and \$2.762 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, the Local Roads and Community Infrastructure Program, and through the State Government's AgriLinks Upgrade Program, to assist with the cost of works.
- Bridge works included \$0.478 million for the Helendoite Road Bridge Replacement.
- Footpaths and cycle ways included new and renewal works in various urban locations.
- Drainage works included 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.

Further changes to the organisation resulted from Council exiting the delivery of Aged Care services at the beginning of the year which was taken over by East Grampians Health Services which resulted in the reduction of employees.

MAJOR ACHIEVEMENTS

Council's Capital Works Program has exceeded \$11.5 million. All significant road projects set out in Council's Budget 2022/2023 have been tendered and yielded significant value for ratepayers and contributed to an uplift in local jobs.

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

- Significant works at Gordon Street with the project near completion.
- Completion of the kitchen at the Senior Citizen Centre
- Barkly Street Link upgrade completed
- Commencement of the playground all abilities project

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 2022/2023, 12 conflict of interest were 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 2022/2023 term Council held the following meetings:

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

The following table provides a summary of Councillors attendance at Council meetings and Special Council meetings for the 2022/2023 financial year.

Councillors	Council Meetings	Statutory Meeting	Unscheduled Council Meetings	Total
Cr Gwenda Allgood	10	1	0	11
Cr Jo Armstrong (Mayor)	11	1	0	12
Cr Rob Armstrong	11	1	0	12
Cr Peter Beales	10	0	0	10
Cr Henry Burridge	11	1	0	12
Cr Bob Sanders (Deputy Mayor)	11	1	0	12
Cr Bill Waterston	11	1	0	12





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.

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 allowances for the Mayor, Deputy Mayor and Councillors during the financial year.

Councillors	Allowance \$
Cr Gwenda Allgood	24,650
Cr Jo Armstrong*	76,430
Cr Rob Armstrong	24,650
Cr Peter Beales	24,650
Cr Henry Burridge	24,650
Cr Bob Sanders**	38,215
Cr Bill Waterston	24,650
*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 2022/2023 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			90.00	441.67		531.67
Cr J Armstrong	79.55		1,727.27	399.90		2006.72
Cr R Armstrong	130.00	474.32		211.36		815.68
Cr Beales				400.59		400.59
Cr Burrige				219.95		219.95
Cr Sanders	209.55		550.00	212.80		972.35
Cr Waterston				499.13		499.13
Mayoral Vehicle – Cr J Armstrong					3473.33	3473.33
Totals	419.10	474.32	2367.27	2385.40	3473.33	9119.42

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 Burrigade. 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 Lead 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 2022/2023:

- Business Continuity Planning and Disaster Recovery Planning
- Depot Operations – efficient review and workforce planning
- Past Issues Review
- Payroll
- Occupational Health and Safety
- Information Technology, Governance & Cyber Security
- Governance
- Risk Management Framework

EXTERNAL AUDIT

Council is externally audited by the Victorian Auditor-General. For the 2022/2023 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.

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: 27 June 2023
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: 30 May 2023
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: 26 July 2022, 29 November 2022 and 28 March 2023
18 Financial reporting (quarterly statements to the Council under section 97(1) 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: 27 September 2022, 25 October 2022, 31 January 2023 and 18 April 2023
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: 8 September 2022, 8 December 2022, 7 March 2023 and 6 June 2023
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: 27 September 2022, 25 October 2022, 31 January 2023 and 18 April 2023
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: 25 October 2022

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 31 January 2023, S7 23 March 2023, S12 10 March 2022, S13 15 August 2022 S14 6 February 2023, S16 23 March 2023 S18 23 March 2023
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 October 2022

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



Dr Tim Harrison

Chief Executive Officer

Dated: 26 September 2023



Cr Jo Armstrong

Mayor

Dated: 26 September 2023

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 twelve requests during the year (4 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 2022/2023 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.

DOMESTIC ANIMAL MANAGEMENT PLAN (DAMP) STATISTICS & DATA (2022/2023)

In accordance with the *Domestic Animals Act 1994* section 68a, 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 2021-2025 in September 2023. The new plan was developed through consultation with council's Community Safety Team and input from other council departments. The new DAMP was provided for public exhibition, with the community and partner agencies being invited to have input.

Council continued to work with rescue organisations over the past year, resulting in Council achieving the target of less than 7% of dogs (5.17%) entering the pound being euthanised.

Of the three dogs that were euthanised, one was for behaviour and two were for aggression.

Seven dogs surrendered by their owners due to the inability to care for the animals, four were adopted and three were euthanised. 49 dogs returned to their owner.

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

The 66.6% of cats impounded/ trapped that were euthanised in 2021/2022 were a result of the feral cat trapping program. 2.9% either died in care from natural causes or were picked up deceased from the roadside.

A total of 30.5% 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.

For the 2022/2023 year zero disclosures 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.





OUR PERFORMANCE

INTEGRATED STRATEGIC PLANNING AND REPORTING FRAMEWORK

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

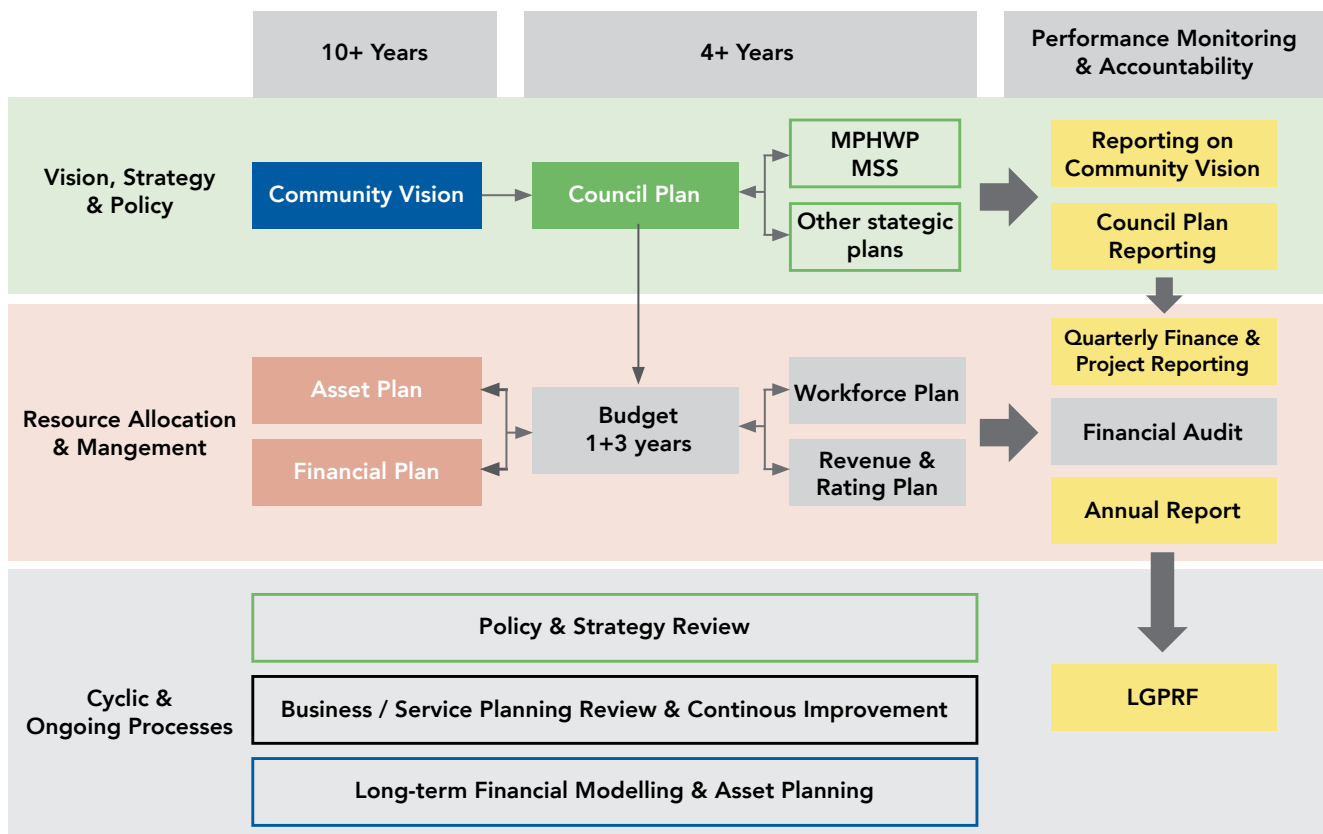
- A Community Vision (for at least the next 10 financial years);
- A Council Plan (for at least the next 4 financial years);
- A Financial Plan (for at least the next 10 financial years);
- An Asset Plan (for at least the next 10 financial years);
- A Revenue and Rating Plan (for at least the next 4 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 2022/2023 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	→
In progress 51-99%	~
In progress 0-50%	▲
Not Started	✱

STRATEGIC OBJECTIVE 1: GROWING OUR PLACE

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 2022/2023 budget for the year.

Strategic Indicator/measure	Result	Comments
Develop a new planning scheme for Ararat that is clear in intention - Complete key strategic reports and reviews	▲	Strategic reviews and reports are underway. The environmental study is being undertaken by a team led by Professor Peter Gell from Federation University Australian and this is progressing well.
Recruit and implement community reference group	▲	There have been some delays in recruiting the community reference group due to changes in planning personnel and flooding impacts. It is anticipated that this will be completed by May 2023.
Complete draft zoning review for broad public and stakeholder consultation	▲	This is a key element of the project. It will be completed following completion of all strategic reports and reviews. The impact of the Victorian State Government's Windfall Gains Tax will have very practical impacts on Council's capacity to undertake major rezoning activity on the back of the land use studies.
Complete the economic and social development study for the Aradale site	✓	The Aradale Study has been completed and will be presented to the November 2022 Council meeting.
Develop a population growth model for ARCC based on lead measures	✓	A report by Value Advisory Partners and Databank Australia has been completed. It will be presented to Council during September 2022.
Sign an agreement for first tranche of housing under the Transitional Worker Housing program	~	Agreement has been reached on the first tranche of 16 beds of Transitional Worker Housing with developers. Negotiation for construction of a further 75 beds is currently underway with another developer.
Complete negotiations with potential investors around implementation of a beneficial enterprise to support affordable housing development	✓	A beneficial enterprise has been formed to support development of affordable housing in Ararat.
Continue to work with Development Victoria to explore opportunities for development of state owned land, including opportunities identified through the economic and social development strategy for Aradale	✓	The Aradale consultant's report has been completed and will be presented to Council at its November Council Meeting. Substantial work has been undertaken with Development Victoria for development of a crown land site for affordable housing.
Complete construction of McLellan Street extension to provide alternate access to the Ararat East Development Zone	~	CHMP has held up works for construction. No Cultural Heritage was found on site. The evaluation period on the CHMP is almost at an end. The project has gone to tender and been contracted - so it will be able to progress once the CHMP is clear.

Strategic Indicator/measure	Result	Comments
Extend the RDV funded Workforce Pilot Program, based on existing funding sources, until 30/06/2023 to enhance project outcomes	✓	Discussions with RDV have progressed well and a model for extending the Workforce Pilot program until 30/06/2023 has been developed.
Develop a model to continue to support the in-migration work of the Workforce Pilot Program into 2023/2024, drawing on resources from Jobs Victoria, RDV and ARCC.	~	A model to extend the in-migration project beyond 30/06/2023 is being developed with key stakeholders.

The following statement provides information in relation to the services funded in the 2022/2023 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	This statutory planning service is responsible for administering the Ararat Rural City Council Planning Scheme including the strategic land use and policy planning. The department processes planning permit applications including subdivision compliance certificates and planning permit amendments. The department also manages planning activities compliance.	91 <u>298</u> 207
Building Control	This service provides statutory building services to the community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	136 <u>218</u> 82
Environmental Health	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.	128 <u>103</u> (25)

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

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	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]	33	31	41	44	Council again saw an increase in planning applications this financial year. The past three years has seen a more than 50% increase of planning applications received. The time taken to decide planning applications has remained fairly steady, increasing 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, and remain significantly better than the state average for this indicator.
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	75.00%	80.67%	90.98%	74.78%	Council's timeframes for decisions on planning applications has decreased by 17%. This is due to a greater workload (increase in applications coming in) and staff turnover within the reporting period. Council had a five month period where staffing in the planning area was down by 2 full time resources. Additional resources have since come on board and Council are looking at improving on this indicator as a matter of priority in 2023/2024.
Service cost Cost of statutory planning service [Direct cost of statutory planning service / Number of planning applications received]	\$2,056.06	\$1,685.46	\$2,340.69	\$1,854.77	The cost of the planning service per application has decreased by a significant amount (20%) this reporting period. This is due to resourcing changes, with a period of several months in which Council had 2 full time positions vacant in the planning team. Short term fixes allowed Council to continue processing applications, however these positions have now been filled and we expect this indicator to return to results similar to the last 3 years, next reporting period.
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%	100%	100%	Council saw one VCAT decision in 2022/2023. The VCAT decision upheld Council's decision.

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	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>	2.92	1.00	1.00	1.00	Council received 5 food complaints for the 2022/2023 financial year. Environmental health officers have continued to prioritise food complaints and food safety, having responded to/acknowledged all five 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>	53.10%	82.88%	94.55%	100.00%	Council received 5 food complaints for the 2022/2023 financial year. Environmental health officers have continued to prioritise food complaints and food safety, having responded to/acknowledged all five complaints received within 1 business day.
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>	\$309.81	\$689.13	\$688.20	\$746.53	The cost of Council's food safety service has decreased slightly due to some changes in resourcing. Council have engaged Kernow P/L to undertake food safety inspections and assessments which has lead to budget efficiencies.
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>	114.29%	100.00%	83.33%	0.00%	Council's Environmental Health service continues to work with businesses to ensure regulatory standards are met, and there have been no critical and major non-compliance issues for this reporting period.

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 2022/2023 budget for the year.

Strategic Indicator/measure	Result	Comments
Work with Federation University Australia to refit the Laby St site as a joint use location.	✓	Refit works complete and handover due by 31 March 2023.
Recruit an additional two PhD and one masters candidate to join the AJTP.	✓	Recruitment of PhD and masters students is under way with three PhD and one masters student already recruited. IBM has funded an additional PhD place bringing the total to 4 PhD and 2 masters places.
Implement the Digital Twin Ararat project	~	The digital twin project has been funded at \$2.2mill. Work has commenced on developing the project plan and implementing key outcomes. Successful field days have been held to engage agri-business in the project and subsidised technology will begin rolling out in coming months.
Develop a Council Economic Development and Innovation Strategy.	~	The draft Economic Development and Innovation Strategy will be adopted for consultation at the April 2023 Council meeting.
Develop and implement a model for embedding research students in local industry through internship programs.	▲	The model will be fully developed once the AJTP becomes fully operational.
Seek funding from State and Federal Governments and/or private sector partnerships, to develop an industrial park based on renewable energy and agricultural value adding.	▲	Council was unsuccessful in obtaining an election promise in regard to development of an energy park. Council will continue to lobby for funding through the State and Federal budget processes in 2023.
Continue to support the development of biomass power facility.	→	The Grampians Gas project continues to progress well. There is significant local agri-business buy in and the project continues to move through engineering and financing gates.
Work with Grampians Tourism, investors and local operators to leverage outcomes of the Grampians Strategic Investment Strategy.	✓	The Grampians Strategic Investment Plan has been completed. Potential investors are being engaged to develop projects in the ARCC footprint.
Seek opportunities to attract a four-star accommodation option to ARCC.	→	Developers are currently working with Council, Victorian State Government and landowners to finalise development of a significant 4 Star complex.

The following statement provides information in relation to the services funded in the 2022/2023 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 in facilitation of business opportunity across the municipality. It aims to grow the local business sector and provide support for growth and development in employment. This service includes the Visitor Information Centre operations	77 581 504



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 2022/2023 budget for the year.

Strategic Indicator/measure	Result	Comments
Fully implement four bin materials collection system for ARCC.	✓	The four-bin model has been rolled out.
In partnership with Gaia Enviro Tech implement local organics processing capability for household materials collection.	✓	The Gaia Enviro Tech local organics processing units are in place and operational.
Implement local processing of the glass materials stream and explore uses of it in civil construction.	✓	Glass crusher is operational. High value uses for the crushed glass product are being explored. Currently the crushed glass uses are limited to lower value sand substitutes.
Undertake a staged implementation of the energy saving initiatives identified from EcoSave's report on Council owned assets.	~	EcoSave's report has been completed and discussion around potential energy saving projects will commence early in 2023.
Support the ongoing development of the Grampians Gas project.	▲	The Grampians Gas project continues to progress well. There is significant local agri-business buy in and the project continues to move through engineering and financing gates.
Support Pomonal Power to implement community-based energy solutions for the community.	→	ARCC will provide ongoing support to community power concepts. A proposal has been developed by Pomonal Power which is being considered.
Working with the Environment Working Group, develop Environment Strategy 2022-2032.	▲	Two meetings of the Environment Working Group have been held and a review of Council's previous Environment Strategy is being undertaken. A third meeting is scheduled for 4 April 2023. One of the AJTP PhD students will undertake development of the plan in conjunction with the working party as an element of their internship program.
Develop an implementation plan for Council's Environment Strategy.	▲	A review of the previous plan has been completed and this will form the basis for the work of the Environment Working Group.
Produce an annual scorecard outlining Council's progress on environmental outcomes.	▲	This will be developed in conjunction with the Environment Working Group and the researchers from the AJTP.

The following statement provides information in relation to the services funded in the 2022/2023 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 changed significantly in 2022/2023. Council moved to in-house collection of waste and recycling and also moved to establish the four materials streams required by the State Government's Circular Economy Policy. This service also manages the transfer stations situated throughout the municipality.	(482) <u>248</u> 730
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.	(57) 71 128
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.	1,459 <u>1,471</u> 12
Emergency Services Management	This service includes emergency services management and fire prevention. This increased net result for 2022/2023 is due to inclusion of emergency and reinstatement works related to the October 2022 flood event.	1,452 <u>145</u> (1,307)

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

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Waste Collection					
Satisfaction <i>Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000</i>	70.16	71.49	119.05	256.46	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 a major change this reporting period. Council in-housed its waste collection services and introduced a 4 bin system with a new collection route during this reporting period. The sharp increase in bin requests is due to teething issues attributed to this major change, and are actively working to see this significantly decrease in 2023/2024.

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Waste Collection					
Service standard <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>	4.46	6.99	4.80	16.63	<p>This indicator represents the number of bins that are missed by Council on a scheduled collection day. The large increase in missed bins can be attributed to a major change this reporting period. Council in-housed its waste collection services and introduced a 4 bin system with a new collection route during this reporting period. The new system also ensures a waste collection service for every household in the municipality, servicing an additional 1000 households. The sharp increase in missed bins is due to teething issues attributed to the establishment of new processes and routes and training our drivers correctly. Council are actively working to see this significantly decrease in 2023/2024</p>
Service cost <i>Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</i>	\$152.80	\$174.65	\$181.96	\$186.99	<p>During the 2022/2023 financial year, Council in-housed its waste collection services and introduced a 4 bin system with a new collection route. The new system ensures a waste collection service for every household in the municipality, servicing an additional 1000 households. Although this cost remained steady, it is important to note Council's service change in the additional households that it now services. As the new system is bedded down, we expect this cost to trend downward as we streamline the in-housing of this service over the next several years.</p>

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Waste Collection					
Service cost	\$76.87	\$83.96	\$88.30	\$78.53	During the 2022/2023 financial year, Council in-housed its waste collection services and introduced a 4 bin system with a new collection route. The new system ensures a waste collection service for every household in the municipality, servicing an additional 1000 households. There has been an 11% decrease in the cost of the kerbside recyclables collection service since last year, which can be attributed to the cost savings seen with in-housing the service. We expect this trend to continue over the next several years.
<i>Cost of kerbside recyclables collection service</i>					
<i>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</i>					
Waste Diversion	25.19%	23.96%	21.02%	22.90%	Waste diverted from landfill is consistent with the last three years, and quite low compared to state average. We expect this amount to rise next reporting period in line with the introduction of the new four bin system.
<i>Kerbside collection waste diverted from landfill</i>					
<i>[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: DEVELOPING AND MAINTAINING KEY ENABLING INFRASTRUCTURE

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 2022/2023 budget for the year.

Strategic Indicator/measure	Result	Comments
Develop an Asset Plan 2022-2032 Implementation Plan 2022/2023.	✓	The asset plans have been completed and adopted by Council.
Complete preliminary planning for the North-South Heavy Vehicle Route.	▲	This has been identified as a key outcome in engagement with Department of Transport and Planning.
Complete 2022/2023 Capital Works Program.	~	The Council Capital Works program process and first tranches by asset class have been adopted by Council. Implementation of some projects has been impacted by storm and flood events.
Plan and complete the 2022/2023 Urban Drainage Upgrade program.	~	The urban drainage program has been adopted by Council at the August 2022 Council meeting. IT is projected that the full budget will be expended in the 2022/2023 financial year.
Complete the 2022/2023 footpath and cycleway maintenance program.	~	Planning has commenced. The program will be completed during 2022/2023.
Develop 10-year Capital Works Strategy to inform 2023/2024 Budget.	~	This work will be undertaken as an element of the implementation of the 2022/2023 Assets plan.
Develop a detailed two-year Capital Works Plan 2023/2024-2024/2025 to inform 2023/2024 Budget.	~	This work will be undertaken as an element of the implementation of the 2022/2023 Assets plan.
Working with Fitness Centre stakeholders refine a four-year development plan to implement key recommendations of the Ararat Fitness Centre Feasibility Study.	~	The Fitness Centre Feasibility Study has been completed, this includes preliminary plans and costings. Final planning for execution of the plan is being delayed by concern over market volatility.
Complete works to basketball courts, indoor swimming pool, gymnasium floor and drainage/ventilation identified as Stage 0 of Fitness Centre works.	✓	Basketball Court replaced, drainage and ventilation works are complete and gymnastics floor has been replaced. Roofing works have been identified and the heated swimming pool will be painted in summer 2022/2023.
Deliver key outcomes from Council's Asset Plan 2022-2032 during the planning period.	▲	Council has adopted an Asset plan 2022/2023 as an element of implementing the Asset Plan 2022-2032.
Complete the Ararat Free Wi-Fi Project.	✓	. The Ararat Free Wi-Fi project is complete. Implementation of additional IoT opportunities is currently underway.
Complete Stage 1 of Pomonal Tunnel Track Linkage Plan.	~	This project has experienced some significant challenges around planning. part of the track has been constructed.
Complete Gordon Street Recreation Reserve Redevelopment.	~	The project is progressing with some rain delays in construction.
Undertake renovation and extension of the Buangor Recreation Reserve kitchen.	→	Due to pricing volatility this project has been placed on hold for 2022/2023.
Complete renovation of the Lake Bolac Complex kitchen.	~	Design is Complete and awaiting Building permit approval then works can start.

The following statement provides information in relation to the services funded in the 2022/2023 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
Design & Project Management	This service conducts capital works planning for Council's main civil infrastructure assets including roads, laneways, carparks, foot/bike paths, drains, and bridges. This service undertakes design and supervision of Council's capital works program. Most staffing and design costs are capitalised with the individual projects.	250 85 (165)
Property Maintenance & Capital	This service prepares maintenance management programs for Council's property assets including 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.	1,809 1,836 27
City Services	This service includes street lighting, Aerodrome operations and operations, maintenance, and cleaning of public conveniences throughout the municipality.	677 780 103
Infrastructure – Miscellaneous	This service includes private works, maintenance of water supplies and emergency bores.	(45) 67 112
Road Maintenance	This service provides for management and maintenance on Council's infrastructure incorporating roads, bridges, drainage, footpaths, kerb and channel, street furniture, line marking and signage.	2,996 3,120 124
Major Plant	This service operates and maintains Council's major plant and equipment, to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet.	677 1,450 773
Major Plant Recoups	Plant used on works generates plant hire income used to fund operations and maintenance and the replacement of the major plant.	(578) (1,450) (872)
Minor Plant	This service purchases and maintains Council's minor plant and equipment, including trailers.	19 10 (9)
Infrastructure Capital	This service provides for capital expenditure on Council's infrastructure incorporating roads, bridges, drainage, footpaths, kerb and channel, streetscapes and car parks.	4,623 3,310 (1,313)
Funded Infrastructure Projects-Capital	This service includes the delivery of one-off capital infrastructure projects partly or wholly funded by non-recurrent government grants.	(137) 0 137
Asset Management	This service predominantly provides asset management services. The service also approves and supervises infrastructure works associated with private development activities.	46 201 155

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

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Roads					
Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	6.23	12.13	4.64	7.07	Council continues to encourage the community to submit a customer request in order to lodge issues with Council maintained roads. This increase in requests may be attributed to several factors. Council have a new website and have made it easier for the community to lodge requests. Significant rain events within the reporting period also saw an increase in requests, and Council are aware that the condition of roads remain a concern by the community. This is again recognised in Council's 2023/2024 budget which includes a significant emphasis on capital works and road renewal.
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	100.00%	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 pre-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]	\$51.62	\$62.08	\$42.80	\$53.32	Variability of costs for this measure is often impacted by complexity of works undertaken in the financial year. During 2023/2023 Council's capital works program saw greater complex projects undertaken. This, along with an increase in cost of materials, has contributed to an increase in cost.
Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$5.65	\$5.09	\$6.70	\$5.57	2022/2023 saw a small decrease in seal cost per square metre, but reflects the expected range. 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.

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Roads					
Satisfaction	56	59	58	51	The decrease in satisfaction score for community satisfaction with sealed roads may be attributed to the difficult year of rain events and ability to maintain our sealed roads to community expectations during these conditions. Council is committed to road renewal and capital works which is recognised in the 2023/2024 Council budget.
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					



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 2022/2023 budget for the year.

Strategic Indicator/measure	Result	Comments
Continue to support the Friends of Gum San during the first full year of operating Gum San.	✓	The transition to management of the site by the Friends of Gum San is complete.
Implement a Council funded Digital Literacy function at the Ararat Library.	✓	Council funded this role in the 2022/2023 budget, and it continues to be well received in the community.
Promote the benefits and achievements of volunteers to encourage participation.	▲	This will continue to be a focus of Council. A volunteer forum will be held in April 2023 to develop a model for supporting and encouraging volunteerism in the municipality.
Undertake community research on motivations for volunteering.	▲	This will continue to be a focus of Council. A volunteer forum will be held in April 2023 to develop a model for supporting and encouraging volunteerism in the municipality.
Facilitate networks/partnerships with community groups.	▲	This is developing as a focus for Council across several project areas.
Engage with key stakeholders to redevelop Council's Access and Inclusion Policy.	▲	A working group will be established to progress this work by 31/04/2023.
Develop a Diversity and Inclusion Strategy.	✓	Completed in February 2023.
Commence a process of establishing respectful and productive relationships with traditional owner organisations.	→	This is an increasingly important goal for Council, and it will become a whole of organisation priority.

The following statement provides information in relation to the services funded in the 2022/2023 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.	329 300 (29)
Ararat Town Hall	This service operates and manages the Ararat Town Hall which provides artistic programs for the region.	356 348 (8)

Service	Description	Net Cost Actual Budget Variance \$000
Gum San Chinese Heritage Museum	Management of Gum San has been handed over to the Friends of Gum San. Council has an MOU with the group and continues to provide financial and maintenance support.	54 <u>29</u> (25)
Community & Events Support	This service provides for the employment of community development staff who work with communities to develop community action plans and implement other community building initiatives.	19 <u>216</u> 197
Recreation Services	This service provides some services to young people. Most of the recreational services function has been rolled into the Ararat Fitness Centre activity.	49 <u>32</u> (17)
Ararat Fitness Centre & Outdoor Pools	This service operates and maintains a range of recreational facilities including aquatic facilities, indoor (1) and outdoor swimming pools (3). The Ararat Fitness Centre provides an extensive range of recreational programs and opportunities accessible to individuals of all ages, sexes and abilities which contribute to the general wellbeing of the community. Liaison with sporting clubs and management of Alexandra Oval and Great Hall have been included in this function.	582 <u>711</u> 129
Alexandra Oval Community Centre & Great Hall	This service operates and maintains the Alexandra Oval Community Centre and Great Hall. The facility provides the Ararat and greater Grampians community, clubs and businesses with a centrally located high quality, modern, flexible and dynamic multipurpose community and recreation space.	0 <u>(48)</u> (48)
Library Services	This service provides public library services at the Ararat Library and the Lake Bolac Business and Information Centre and through the mobile library outreach service to rural communities.	221 <u>234</u> 13
Positive Ageing	This service includes Senior Citizens support and grant funding for service system resourcing.	(49) <u>5</u> 54
Children Services	This service provides family oriented support services including maternal and child health, immunisation and early childhood education and support.	10 <u>19</u> 9
Community Safety	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-hour emergency service. This service also includes local laws and parking enforcement and the operations of the school crossings.	270 <u>196</u> (74)
Funded Recreation Projects - Capital	This service includes the delivery of one-off capital building projects partly or wholly funded by non-recurrent government grants.	493 <u>0</u> (493)

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

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	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.
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]					
Service standard	35.34%	43.72%	63.64%	30.95%	2022/2023 financial year has seen an increase of 34% of overall animals collected by Council. This increase is significant, and is reflective of a trend statewide of increasing numbers of abandoned animals. Changing working conditions following COVID, and increases in the cost of living are social factors that may have contributed to this increase. Council's aim is to ensure as many impounded animals as possible are reclaimed by their owners, however this increase in surrendered pets has seen pet returns decrease by over 50%.
Animals reclaimed [Number of animals reclaimed / Number of animals collected x 100]					
Animals rehomed [Number of animals rehomed / Number of animals collected] x 100	42.97%	28.37%	25.13%	11.11%	2022/2023 financial year has seen an increase of 34% of overall animals collected by Council. This increase is significant, and is reflective of a trend statewide of increasing numbers of abandoned animals. Changing working conditions following COVID, and increases in the cost of living are social factors that may have contributed to this increase. Council continues to ensure as many surrendered animals as possible are rehomed, however the increase in surrendered pets has seen animals rehomed decrease by 55%.
Service cost	\$17.79	\$20.53	\$22.12	\$20.02	The cost of the animal management service per population remains consistent with the last 3 years and is lower than the state average. Council places a strong emphasis on responsible pet ownership and community safety and believes that this service is currently meeting expectations.
Cost of animal management service per population [Direct cost of the animal management service / Population]					

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Health and safety Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	0%	0%	0%	100%	There was one animal prosecution during this reporting period, to which Council received a successful outcome.
Maternal and Child Health (MCH)					
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	100.00%	101.60%	100.00%	100.00%	All newborns in the municipality have received a first home visit from the MCH nurses.
Service cost Cost of the MCH service [Cost of the MCH Service / Hours worked by MCH nurses]	\$70.43	\$69.86	\$71.86	\$80.82	The cost of the MCH service has increased by 12% this reporting period. Cost of the service remains consistent, however nurses have worked slightly less hours for this reporting period which is impacting this result.
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	81.45%	85.59%	85.53%	84.87%	Participation levels have remained steady since last reporting period. 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	80.00%	92.00%	87.50%	90.48%	Council has 21 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%	104.67%	This indicator shows the percentage of infants enrolled in the MCH service who participated in a 4 week Key Age and Stage visit. This percentage is over 100% due to the timing difference that can occur between birth notices being received and the home visit being completed across reporting periods.

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Aquatic Facilities					
Service standard <i>Health inspections of aquatic facilities</i> <i>[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]</i>	1.00	0.25	1.00	1.00	All four of Council's aquatic facilities underwent an inspection by an authorised officer during the 2022/2023 financial year. Aquatics staff also assess water quality four times daily, and records of results are consistently maintained at all locations.
Utilisation <i>Utilisation of aquatic facilities</i> <i>[Number of visits to aquatic facilities / Municipal population]</i>	4.13	1.20	2.65	3.05	Council saw an increase of 4,300 patrons visiting our municipal pools during the 2022/2023 financial year. This result is due to Council actively focussing on increasing utilisation of our pools and fitness centre to ensure these services are viable into the future, such as membership drives and an increased offering of programs.
Service cost <i>Cost of aquatic facilities</i> <i>[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]</i>	\$13.04	\$57.14	\$23.46	\$16.24	The net cost across all four of Council's aquatic facilities has reduced by 30% compared to 2021/2022. This is due to a greater number of visitors to our pools, thus higher income received. This result is due to Council actively focussing on increasing utilisation of our pools and fitness centre to ensure these services are viable into the future, such as membership drives and an increased offering of programs.
Libraries					
Utilisation <i>Physical Library collection usage</i> <i>[Number of physical library collection item loans / Number of physical library collection items]</i>	2.39	1.89	2.31	2.26	This indicator assesses the degree to which Council's physical library items were utilised/borrowed. Physical library collection usage has remained consistent on last reporting period, however remains slightly under the state average. Council are actively focussed on increasing library members and visitors as part of its current Council Plan.

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	Council Explanation
Resource standard <i>Recently purchased library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100</i>	54.05%	47.54%	48.67%	54.92%	The purchasing of book stock is managed under a service agreement with the City of Ballarat, who ensures a modern and relevant library collection. The Library has made a concerted effort over the last financial year to reduce its collection of older stock, hence a 12% increase in this indicator. There is also an increasing focus on digital stock, including e-audio, e-magazines and e-books to meet demand in this area.
Participation <i>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</i>	11.75%	10.71%	8.55%	7.85%	2022/2023 results indicate a continual decrease in active borrowers. Council is actively working to encourage new members and borrowers, with new and varied programs aimed at different demographics. It is important to note that 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 of which are key focus areas for the service.
Service cost <i>Cost of library service per population [Direct cost of the library service / Population]</i>	\$25.72	\$20.69	\$24.67	\$29.83	The cost of the library service per population has seen a 20% increase due to Council expanding the service with the inclusion of a full time resource in the area of digital literacy. Council sees this as a critical ongoing service to fund for our community.

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 2022/2023 budget for the year.

Strategic Indicator/measure	Result	Comments
Develop a 2023/2024 Council Budget that delivers public value and returns dividends to the community where appropriate.	~	Budget will be workshopped with Council in early April 2023. Community engagement will be undertaken through Engage Ararat and face-to-face community sessions during April and May 2023 with adoption at the May 2023 Council Meeting.
Develop a set of underpinning financial management principles that drive Council's financial strategy.	✓	Council adopted the underpinning financial management principles at its July 2022 Council meeting.
Council completes a project to develop and implement a performance dashboard providing reporting to the CEO, Council and Community.	~	The final elements of developing the three required portals is underway.
Undertake an annual review of Council's Business Continuity Plan and Disaster Recovery Plan.	~	This will be completed by 30/04/2023 in order to incorporate findings of an internal auditors report.
Undertake an Annual review of Council's Risk Management Policy and Framework.	▲	This will be completed by 31/05/2023. An internal audit is about to commence on the risk management framework.
Respond to all issues raised through Council's Internal Audit function.	→	Each internal audit report is responded to by management and an improvement plan put in place. The recommendations from these reports is put into the Audit Committee Resolutions spreadsheet.
Build a new Council website that provides easy navigation, promotes community engagement and access to key information.	✓	A new website has been developed using Symphony9 software. There will be an ongoing process of refinement of content and options for use of eForms.
	→	New models of community engagement will be developed and implemented on an ongoing basis.

The following statement provides information in relation to the services funded in the 2022/2023 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 Victorian Local Government Grants Commission.	(20,056) <u>(19,611)</u> 445
Financial Services and Corporate Support	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 corporate expenses including stationary, telecommunications, revenue collection fees and valuations.	742 <u>897</u> 155
Customer Services	This service includes the customer service operations of the Municipal Office.	337 <u>121</u> (216)
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.	(87) <u>(19)</u> 68
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.	470 <u>265</u> (205)
CEO's Office	This area includes Chief Executive Officer and executive support. This service includes media and communications, marketing and government relations.	738 <u>1,038</u> 300
Funded Operating Projects	This service includes the delivery of one-off operating projects partly or wholly funded by non-recurrent government grants.	(470) <u>20</u> 490
Community Support Grants	This service provides support grants to community organisations for projects, sponsorships, and minor capital & community infrastructure.	(8) <u>100</u> 108

Service	Description	Net Cost
		<u>Actual Budget</u> Variance \$000
Human Resources	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. This service includes training programs and business excellence. This service also includes payment of salaries and wages to Council employees.	474 <u>496</u> 22
Governance	This service provides support to the 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. This service also provides facilities maintenance grants for recreation reserves & public halls and coordinates risk management.	916 <u>1,000</u> 84
Business Transformation	This service includes service reviews and business improvement.	404 <u>326</u> (78)
Information Services	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.	1,090 <u>754</u> (336)

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

Service/Indicator/measure	Result 2019/2020	Result 2020/2021	Result 2021/2022	Result 2022/2023	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	33.82%	20.49%	25.18%	20.33%	Council continues to improve its processes in relation to decision making and transparency, which is a contributing factor to the decrease.
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]	56	61	62	60	Council has continued to focus on its community consultation and engagement, with this result remaining steady over the last 3 years.
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	92.86%	97.14%	94.29%	96.43%	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]	\$34,079.86	\$36,629.95	\$37,598.47	\$39,746.14	The cost of elected representation remains consistent with the last 3 years, a slight increase due to determinations by the Victorian Independent Remuneration Tribunal.
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]	57	63	65	60	Council has seen a slight decrease in community sentiment regarding satisfaction with Council decisions. Although we remain significantly above the state average for this indicator, Council is committed to continuous and ongoing improvement in this area.

RECONCILIATION OF CASH RESULT WITH OPERATING RESULT

	Net Cost (Revenue) \$'000
Growing our place	355
Building robust local economies	77
Preserving our environment	2,372
Developing and maintaining key enabling infrastructure	10,337
Enhancing community life	2,334
Strong and effective governance	(15,450)
Total	25
Less capital expenditure on fixed assets	(11,586)
Add depreciation	9,123
Add written down value of assets sold	303
Less fair value adjustments for investment property	(162)
Add increase in unearned revenue	(4,107)
Less contribution to joint venture	(500)
Less share of net profits in joint venture	(1)
Add proceeds from borrowing	834
Less repayment of borrowings	(180)
Add transfer from reserves	16,333
Less transfer to reserves	(14,845)
Operating (surplus) / deficit for the year	(4,763)

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 Better Practice Guide Annual Report Performance Reporting Indicator Guide*, 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

Dated: 26 September 2023
Ararat

In our opinion, the accompanying financial statements present fairly the financial transactions of the Ararat Rural City Council for the year ended 30 June 2023 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.



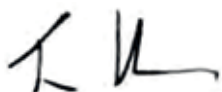
Jo Armstrong
Councillor

Dated: 26 September 2023
Ararat



Henry Burrridge
Councillor

Dated: 26 September 2023
Ararat



Dr Tim Harrison
Chief Executive Officer

Dated: 26 September 2023
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 2023 • 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 2023 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.



MELBOURNE
6 October 2023

Travis Derricott
as delegate for the Auditor-General of Victoria

COMPREHENSIVE INCOME STATEMENT

For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income/revenue			
Rates and charges	3.1	17,696	17,516
Statutory fees and fines	3.2	220	245
User fees	3.3	1,556	1,122
Grants - operating	3.4	13,257	10,892
Grants - capital	3.4	4,532	6,189
Contributions - monetary	3.5	181	184
Net gain on disposal of property, infrastructure, plant and equipment	3.6	185	147
Fair value adjustments for investment property	6.3	162	137
Share of net profits in joint ventures	6.2	1	-
Other income	3.7	655	188
Total income/revenue		38,445	36,620
Expenses			
Employee costs	4.1	11,050	10,822
Materials and services	4.2	13,123	10,149
Depreciation	4.3	9,123	7,907
Borrowing costs	4.4	33	54
Other expenses	4.5	353	332
Total expenses		33,682	29,264
Surplus for the year		4,763	7,356
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.1	14,518	29,339
Total other comprehensive income		14,518	29,339
Total comprehensive result		19,281	36,695

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

BALANCE SHEET

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	11,457	21,515
Trade and other receivables	5.1	4,509	3,922
Other financial assets	5.1	8,002	-
Inventories	5.2	74	64
Prepayments	5.2	15	13
Total current assets		24,057	25,514
Non-current assets			
Trade and other receivables	5.1	7	9
Investments in joint arrangements	6.2	501	-
Property, infrastructure, plant and equipment	6.1	295,269	278,591
Investment property	6.3	1,661	1,499
Total non-current assets		297,438	280,099
Total assets		321,495	305,613
Liabilities			
Current liabilities			
Trade and other payables	5.3	1,765	1,540
Trust funds and deposits	5.3	305	254
Unearned income/revenue	5.3	3,068	7,175
Provisions	5.5	2,084	2,245
Interest-bearing liabilities	5.4	253	143
Total current liabilities		7,475	11,357
Non-current liabilities			
Provisions	5.5	123	184
Interest-bearing liabilities	5.4	998	454
Total non-current liabilities		1,121	638
Total liabilities		8,596	11,995
Net assets		312,899	293,618
Equity			
Accumulated surplus		92,600	86,349
Reserves	9.1	220,299	207,269
Total Equity		312,899	293,618

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

2023	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		293,618	86,349	185,265	22,004
Surplus for the year		4,763	4,763	-	-
Net asset revaluation increment	6.1	14,518	-	14,518	-
Transfers to other reserves	9.1	-	(14,845)	-	14,845
Transfers from other reserves	9.1	-	16,333	-	(16,333)
Balance at end of the financial year		312,899	92,600	199,783	20,516

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
Recognition of found assets - land improvements	8.6	432	432	-	-
Surplus for the year		7,356	7,356	-	-
Net asset revaluation increment	9.1	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		293,618	86,349	185,265	22,004

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 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		17,480	17,635
Statutory fees and fines		221	246
User fees		1,627	1,265
Grants - operating		12,352	10,790
Grants - capital		1,406	6,658
Contributions - monetary		201	181
Interest received		515	53
Trust funds and deposits taken		352	299
Other receipts		149	145
Net GST refund/(payment)		1,774	1,906
Employee costs		(12,022)	(10,808)
Materials and services		(14,422)	(12,498)
Trust funds and deposits repaid		(399)	(389)
Other payments		(315)	(346)
Net cash provided by/(used in) operating activities	9.2	8,919	15,137
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(11,586)	(14,664)
Proceeds from sale of property, infrastructure, plant and equipment		488	185
Payments for investments		(8,500)	-
Net cash provided by/(used in) investing activities		(19,598)	(14,479)
Cash flows from financing activities			
Finance costs		(33)	(54)
Proceeds from borrowings		834	-
Repayment of borrowings		(180)	(2,138)
Net cash provided by/(used in) financing activities		621	(2,192)
Net increase (decrease) in cash and cash equivalents		(10,058)	(1,534)
Cash and cash equivalents at the beginning of the financial year		21,515	23,049
Cash and cash equivalents at the end of the financial year	5.1	11,457	21,515

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 2023

	Note	2022 \$'000	2022 \$'000
Property			
Buildings		3,543	1,195
Total property		3,543	1,195
Plant and equipment			
Plant, machinery and equipment		1,900	1,191
Library books		44	39
Total plant and equipment		1,944	1,230
Infrastructure			
Roads		5,300	10,757
Bridges		548	708
Footpaths and cycleways		221	240
Drainage		30	534
Total infrastructure		6,099	12,239
Total capital works expenditure	6.1	11,586	14,664
Represented by:			
New asset expenditure		3,290	866
Asset renewal expenditure		6,990	11,691
Asset upgrade expenditure		1,306	2,107
Total capital works expenditure		11,586	14,664

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 2023

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

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

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.

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.

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.

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.

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

Note 2 ANALYSIS OF OUR RESULTS

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/revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income/revenue					
Rates and charges	17,743	17,696	(47)	0%	
Statutory fees and fines	276	220	(56)	-20%	
User fees	1,398	1,556	158	11%	
Grants - operating	7,579	13,257	5,678	75%	1
Grants - capital	533	4,532	3,999	750%	2
Contributions - monetary	94	181	87	93%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	28	185	157	561%	
Fair value adjustments for investment property	-	162	162	100%	
Share of net profits/(losses) of associates and joint ventures	-	1	1	100%	
Other income	225	655	430	191%	3
Total income/revenue	27,876	38,445	10,569	38%	
Expenses					
Employee costs	11,134	11,050	(84)	-1%	
Materials and services	8,422	13,123	4,701	56%	4
Depreciation	7,338	9,123	1,785	24%	5
Borrowing costs	15	33	18	120%	
Other expenses	355	353	(2)	-1%	
Total expenses	27,264	33,682	6,418	24%	
Surplus/(deficit) for the year	612	4,763	4,151	678%	

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	Council received \$2.604 million more than budget for financial assistance grants due to 100% of the estimated annual allocation for 2023-2024 being received in June 2023, compared to around 75% being received in advance in the previous year. Council was successful in obtaining several grants that had not been budgeted for, including \$0.500 million to develop a economic and social strategy for Aradale, \$0.773 million flood support and community recovery grants, \$0.528 million for new settlement and workforce grants.
2	Grants - capital	Capital grants of \$3.290 million received in prior years have now met the requirements to be recognised as income in 2022-2023. A total of \$2.500 million has now been recognised as income for works undertaken for the Gordon Street Recreation Reserve development.
3	Other income	The increase in market interest rates has resulted in total interest on investments of \$0.515 million compared to a budget of \$0.100 million.
4	Materials and services	Materials and services are higher than budget with increased operating expenditure to deliver the outcomes for the additional operating grants. Council also incurred over \$1.590 million expenditure for emergency and reinstatement works related to the October 2022 flood event.
5	Depreciation	The revaluation of infrastructure assets as at 30 June 2022 resulted in higher depreciation than had been budgeted for 2022-2023.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	1,500	3,543	2,043	136%	1
Total property	1,500	3,543	2,043	136%	
Plant and equipment					
Plant, machinery and equipment	770	1,900	1,130	147%	2
Library books	40	44	4	10%	
Total plant and equipment	810	1,944	1,134	140%	
Infrastructure					
Roads	4,600	5,300	700	15%	3
Bridges	800	548	(252)	-32%	4
Footpaths and cycleways	300	221	(79)	-26%	
Drainage	700	30	(670)	-96%	5
Total infrastructure	6,400	6,099	(301)	-5%	
Total capital works expenditure	8,710	11,586	2,876	33%	
Represented by:					
New asset expenditure	375	3,290	2,915	777%	
Asset renewal expenditure	7,735	6,990	(745)	-10%	
Asset upgrade expenditure	600	1,306	706	118%	
Total capital works expenditure	8,710	11,586	2,876	33%	

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	The Gordon Street Recreation Reserve development is nearing completion with works totalling \$2.762 million undertaken during the financial year.
2	Plant, machinery and equipment	Four waste trucks were purchased for kerbside waste collection services operated by Council from September 2022.
3	Roads	Roadworks for Delacombe Way have been completed using funds carried forward from the previous year. Council contributed a half share to works undertaken by Moyne Shire Council for a section of Woorndoo-Streatham Road along Council's boundary.
4	Bridges	The budget included reconstruction of the Helendoite Road bridge which was still in progress at 30 June 2023.
5	Drainage	Drainage works were delayed by the additional rainfall during the year. Contractors have been engaged and funds have been committed to undertake drainage works in Walkerville Street and Wileman Street in Willaura, and in Tobin Street, Ararat during 2023-2024.

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

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 2023

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

2022	Income/ Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income/revenue \$'000	Total assets \$'000
Growing our place	530	760	(230)	153	-
Building robust local economies	934	1,708	(774)	906	500
Preserving our environment	3,552	5,226	(1,674)	801	3
Developing and maintaining key enabling infrastructure	6,043	16,463	(10,420)	5,974	274,633
Enhancing community life	4,966	3,993	973	4,011	21,319
Strong and effective governance	22,420	5,532	16,888	5,944	25,040
	38,445	33,682	4,763	17,789	321,495

2022	Income/ Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income/revenue \$'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	258,609
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	305,613

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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 2022.

The valuation base used to calculate general rates for 2022/23 was \$6,161 million (2021/22 \$4,264 million). The 2022/23 rate in the Capital Improved Valuation dollar was General 0.3960, Farm 0.1426, Commercial 0.5702, and Industrial 0.5702 (2021/22 General 0.5307, Farm 0.2123, Commercial 0.6634, and Industrial 0.6634).

	2023 \$'000	2022 \$'000
General	6,978	6,989
Commercial	751	814
Industrial	223	226
Farm	6,060	5,950
Municipal charge	628	625
Waste management charge	2,375	2,262
Interest on rates and charges	160	151
Revenue in lieu of rates	521	499
Total rates and charges	17,696	17,516

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be first applied in the rating year commencing 1 July 2023.

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

	2023 \$'000	2022 \$'000
Infringements and costs	4	9
Town planning fees	179	193
Land information certificates	15	16
Permits	22	27
Total statutory fees and fines	220	245

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 2023

3.3 User fees

	2023 \$'000	2022 \$'000
Aged and health services	3	169
Leisure centre and recreation	512	288
Child care/children's programs	6	6
Registration and other permits	148	119
Building services	57	54
Waste management services	336	257
Ararat Town Hall charges	115	32
Visitor Information Centre	5	12
Alexandra Oval	110	67
Road occupancy	7	5
Private Works	32	22
Other fees and charges	225	91
Total user fees	1,556	1,122
User fees by timing of revenue recognition		
User fees recognised at a point in time	1,556	1,122
Total user fees	1,556	1,122

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 2023

3.4 Funding from other levels of government

	2023 \$'000	2022 \$'000
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	10,543	14,229
State funded grants	7,246	2,852
Total grants received	17,789	17,081
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	9,319	8,186
General home care	-	487
Recurrent - State Government		
Aged care	25	202
School crossing supervisors	15	12
Libraries	149	147
Maternal and child health	339	318
Environment	254	134
Culture	140	140
Administration	45	44
Total recurrent operating grants	10,286	9,670
Non-recurrent - Commonwealth Government		
Community development	17	20
Non-recurrent - State Government		
Natural disaster	-	48
Community development	675	60
Libraries	26	87
Maternal and child health	106	82
Environment	921	35
Employment	16	100
Planning and development	1,006	760
Recreation	204	30
Total non-recurrent operating grants	2,971	1,222
Total operating grants	13,257	10,892

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	477	1,319
Total recurrent capital grants	477	1,319
Non-recurrent - Commonwealth Government		
Transport	680	3,939
Recreation	50	278
Non-recurrent - State Government		
Transport	531	434
Recreation	2,662	219
Waste Management	132	-
Total non-recurrent capital grants	4,055	4,870
Total capital grants	4,532	6,189

(c) 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.

	2023 \$'000	2022 \$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	9,319	8,186
Specific purpose grants to acquire non-financial assets	4,532	6,189
Other specific purpose grants	2,053	1,551
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	1,885	1,155
	17,789	17,081

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
(d) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	3,561	2,191
Received during the financial year and remained unspent at balance date	557	2,163
Received in prior years and spent during the financial year	(1,525)	(793)
Balance at year end	2,593	3,561
Capital		
Balance at start of year	3,614	5,000
Received during the financial year and remained unspent at balance date	151	185
Received in prior years and spent during the financial year	(3,290)	(1,571)
Balance at year end	475	3,614

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

	2023 \$'000	2022 \$'000
Monetary	181	184
Total contributions	181	184

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

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

3.6 Net gain on disposal of property, infrastructure, plant and equipment

	2023 \$'000	2022 \$'000
Proceeds of sale	488	185
Written down value of assets disposed	(303)	(38)
Total net gain on disposal of property, infrastructure, plant and equipment	185	147

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

	2023 \$'000	2022 \$'000
Interest	515	53
Investment property rental	140	135
Total other income	655	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 2023

Note 4 THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs

	2023 \$'000	2022 \$'000
Wages and salaries	9,817	9,534
WorkCover	142	287
Superannuation	1,032	945
Fringe benefits tax	59	56
Total employee costs	11,050	10,822

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	14	37
	14	37
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	661	644
Employer contributions - other funds	357	264
	1,018	908
Employer contributions payable at reporting date.	-	-

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

	2023 \$'000	2022 \$'000
Materials and services	8,843	5,078
Contract payments	1,572	2,846
Plant and equipment maintenance	1,682	1,134
Utilities	655	630
Consultants	371	461
Total materials and services	13,123	10,149

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 2023

4.3 Depreciation

	2023 \$'000	2022 \$'000
Property	1,824	1,642
Plant and equipment	929	851
Infrastructure	6,370	5,414
Total depreciation	9,123	7,907

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

4.4 Borrowing costs

	2023 \$'000	2022 \$'000
Interest - Borrowings	33	54
Total borrowing costs	33	54

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.

4.5 Other expenses

	2023 \$'000	2022 \$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	43	47
Auditors' remuneration - Other External Audits	1	1
Auditors' remuneration - Internal Audit	71	62
Councillors' allowances	238	222
Total other expenses	353	332

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

Note 5 OUR FINANCIAL POSITION

5.1 Financial assets

	2023 \$'000	2022 \$'000
(a) Cash and cash equivalents		
Cash on hand	4	3
Cash at bank	5,445	6,407
Term deposits	6,008	15,105
Total cash and cash equivalents	11,457	21,515
(b) Other financial assets		
Current		
Term deposits - current	8,002	-
Total current other financial assets	8,002	-
Total other financial assets	8,002	-
Total financial assets	19,459	21,515

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.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,955	1,742
Net GST receivable	308	99
<i>Non statutory receivables</i>		
Other debtors	2,246	2,081
Total current trade and other receivables	4,509	3,922
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	7	9
Total non-current trade and other receivables	7	9
Total trade and other receivables	4,516	3,931

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.

(d) 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)	2,229	2,077
Past due by up to 30 days	3	3
Past due between 31 and 180 days	14	1
Total trade and other receivables	2,246	2,081

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

5.2 Non-financial assets

	2023 \$'000	2022 \$'000
(a) Inventories		
Inventories held for sale	23	6
Inventories held for distribution	51	58
Total inventories	74	64

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	15	13
Total other assets	15	13

5.3 Payables, trust funds and deposits and unearned income/revenue

	2023 \$'000	2022 \$'000
(a) Trade and other payables		
<i>Non-statutory payables</i>		
Trade payables	1,589	1,017
Accrued expenses	176	523
Total trade and other payables	1,765	1,540

(b) Trust funds and deposits		
Refundable deposits	108	96
Fire services levy	33	16
Retention amounts	45	60
Other refundable deposits	119	82
Total trust funds and deposits	305	254

(c) Unearned income/revenue		
Grants received in advance - operating	2,593	3,561
Grants received in advance - capital	475	3,614
Total unearned income/revenue	3,068	7,175

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

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.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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 services 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

	2023 \$'000	2022 \$'000
Current		
Other borrowings - secured	253	143
Total current interest-bearing liabilities	253	143
Non-current		
Other borrowings - secured	998	454
Total non-current interest-bearing liabilities	998	454
Total	1,251	597

Borrowings are secured by Council's rates

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

Not later than one year	253	143
Later than one year and not later than five years	998	454
	1,251	597

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 2023

5.5 Provisions

	2023 \$'000	2022 \$'000
Employee		
Balance at beginning of the financial year	2,429	2,706
Additional provisions	1,087	693
Amounts used	(1,309)	(970)
Balance at the end of the financial year	2,207	2,429
<i>Provisions - current</i>	2,084	2,245
<i>Provisions - non-current</i>	123	184
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	627	624
Other leave	74	52
	701	676
Current provisions expected to be wholly settled after 12 months		
Annual leave	218	191
Long service leave	1,165	1,378
	1,383	1,569
Total current employee provisions	2,084	2,245
Non-current		
Long service leave	123	184
Total non-current employee provisions	123	184
Aggregate carrying amount of employee provisions:		
Current	2,084	2,245
Non-current	123	184
Total aggregate carrying amount of employee provisions	2,207	2,429

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.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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: 2023 2022

discount rate	4.06%	3.33%
index rate	4.35%	3.85%

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

2023	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					
Consultancies	58	-	-	-	58
Total	58	-	-	-	58
Capital					
Land	73	-	-	-	73
Land improvements	507	-	-	-	507
Buildings	2,269	-	-	-	2,269
Plant and equipment	51	-	-	-	51
Roads	2,003	-	-	-	2,003
Drainage	643	-	-	-	643
Footpaths and cycleways	142	-	-	-	142
Total	5,688	-	-	-	5,688

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

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

(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:

	2023 \$'000	2022 \$'000
Not later than one year	63	57
Later than one year and not later than five years	10	19
Later than five years	1	1
Total	74	77

Note 6 ASSETS WE MANAGE

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2022* \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	Carrying amount 30 June 2023 \$'000
Property	67,423	390	3,380	(1,824)	-	87	69,456
Plant and equipment	7,684	1,944	294	(929)	(303)	-	8,690
Infrastructure	202,340	4,974	10,844	(6,370)	-	370	212,158
Work in progress	1,144	4,278	-	-	-	(457)	4,965
Total	278,591	11,586	14,518	(9,123)	(303)	-	295,269

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	437	3,153	-	(87)	3,503
Infrastructure	707	1,125	-	(370)	1,462
Total	1,144	4,278	-	(457)	4,965

* Restatement of opening balances, refer to note 8.6

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

(a) Property

	Freehold land \$'000	Controlled land* \$'000	Land under roads \$'000	Land improvements \$'000	Land** \$'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 2022	8,778	8,597	298	-	1,000	18,673	68,251	55,085	123,336	437	142,446
Accumulated depreciation at 1 July 2022	-	-	-	-	(568)	(568)	(43,433)	(30,585)	(74,018)	-	(74,586)
Movements in fair value	8,778	8,597	298	-	432	18,105	24,818	24,500	49,318	437	67,860
Additions	-	-	-	-	-	-	154	236	390	3,153	3,543
Revaluation	87	86	3	-	-	176	4,436	3,579	8,015	-	8,191
Transfers	-	-	-	-	-	-	-	87	87	(87)	-
Movements in accumulated depreciation	87	86	3	-	-	176	4,590	3,902	8,492	3,066	11,734
Depreciation and amortisation	-	-	-	-	(50)	(50)	(1,067)	(707)	(1,774)	-	(1,824)
Revaluation	-	-	-	-	-	-	(2,823)	(1,988)	(4,811)	-	(4,811)
At fair value 30 June 2023	8,865	8,683	301	-	(50)	18,849	72,841	58,987	131,828	3,503	154,180
Accumulated depreciation at 30 June 2023	-	-	-	-	(618)	(618)	(47,323)	(33,280)	(80,603)	-	(81,221)
Carrying amount	8,865	8,683	301	-	382	18,231	25,518	25,707	51,225	3,503	72,959

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

** Restatement of opening balances, refer to note 8.6

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

(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 2022	10,051	1,003	1,303	1,811	14,168
Accumulated depreciation at 1 July 2022	(4,835)	(756)	(893)	-	(6,484)
	5,216	247	410	1,811	7,684
Movements in fair value					
Additions	1,900	-	44	-	1,944
Revaluation	-	-	-	294	294
Disposal	(1,283)	-	-	-	(1,283)
	617	-	44	294	955
Movements in accumulated depreciation					
Depreciation and amortisation	(826)	(83)	(20)	-	(929)
Accumulated depreciation of disposals	980	-	-	-	980
	154	(83)	(20)	-	51
At fair value 30 June 2023	10,668	1,003	1,347	2,105	15,123
Accumulated depreciation at 30 June 2023	(4,681)	(839)	(913)	-	(6,433)
Carrying amount	5,987	164	434	2,105	8,690

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2022	342,568	43,572	10,101	13,221	707	410,169
Accumulated depreciation at 1 July 2022	(174,342)	(20,159)	(5,487)	(7,134)	-	(207,122)
	168,226	23,413	4,614	6,087	707	203,047
Movements in fair value						
Additions	4,675	62	207	30	1,125	6,099
Revaluation	16,786	2,135	495	675	-	20,091
Transfers	370	-	-	-	(370)	-
	21,831	2,197	702	705	755	26,190
Movements in accumulated depreciation						
Depreciation and amortisation	(5,682)	(377)	(146)	(165)	-	(6,370)
Revaluation	(8,542)	(987)	646	(364)	-	(9,247)
	(14,224)	(1,364)	500	(529)	-	(15,617)
At fair value 30 June 2023	364,399	45,769	10,803	13,926	1,462	436,359
Accumulated depreciation at 30 June 2023	(188,566)	(21,523)	(4,987)	(7,663)	-	(222,739)
Carrying amount	175,833	24,246	5,816	6,263	1,462	213,620

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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.

	Depreciation Period	Threshold Limit \$
<i>Asset recognition thresholds and depreciation periods</i>		
Land		
land	-	10,000
land under roads	-	10,000
land improvements	20 years	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
library books	20 years	1
Infrastructure		
roads - pavements & seals	10 - 50 years	10,000
roads - substructure, formation and earthworks	30 - 100 years	10,000
roads - kerb, channel and minor culverts and other	80 - 120 years	10,000
bridges	100 - 125 years	10,000
footpaths & cycleways	20 - 125 years	10,000
drainage	80 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.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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.

Valuation of artworks

Valuation of artworks were undertaken by qualified independent valuer, Simon Storey Valuers. The valuation is at fair value based on current replacement cost as at the date of valuation. The date and type of the current valuation is detailed in the following table.

Details of Council's artworks and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Artworks	-	2,105	-	Jun-23	full
Total	-	2,105	-		

Valuation of land and buildings

Valuation of land and buildings were undertaken as at 30 June 2022 by a qualified independent valuer, PW Newman Pty Ltd, Certified Practicing Valuer 62050. 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.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

The date and type of the current valuation is detailed in the following table. Indexed based revaluations were conducted in the current year, based on the ABS Producer Price Index for building construction in Victoria, and Valuer-General Victoria land indexation factors. A full revaluation of these assets will be conducted in 2023/24.

Valuation of land improvements was undertaken as at 30 June 2023 by Council's Coordinator Strategic Asset Management & IT, Shaun Foy. The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Land	-	6,823	-	Jun-23	index
Specialised land	-	-	11,026	Jun-23	index
Land improvements	-	-	382	Jun-23	full Council
Buildings	-	862	50,363	Jun-23	index
Total	-	7,685	61,771		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken as at 30 June 2022 by Council's Coordinator Strategic Asset Management & IT, Shaun Foy.

The date and type of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year, based on the ABS Producer Price Index for road and bridge construction in Victoria for roads, bridge and footpath assets and the ABS Producer Price Index for other heavy and civil engineering construction in Victoria for drainage assets. A full revaluation of these assets will be conducted in 2024/25.

The valuation is at fair value based on current 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 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Roads	-	-	175,833	Jun-23	index
Bridges	-	-	24,246	Jun-23	index
Footpaths and cycleways	-	-	5,816	Jun-23	index
Drainage	-	-	6,263	Jun-23	index
Total	-	-	212,158		

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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.

	2023 \$'000	2022 \$'000
Reconciliation of specialised land		
Land under roads	301	298
Parks and reserves	10,725	10,619
Total specialised land	11,026	10,917

6.2 Investments in joint arrangements

Investments in joint venture

- Ararat Housing Enterprise Pty Ltd

Ararat Housing Enterprise Pty Ltd

Background

Council has entered a joint venture with a private investor to address the availability of affordable housing for the growing labour force within the municipality, with the construction of 60 new homes over the next 15 years. The structure of the project will be to build four new houses a year for the next 15 years, with the purpose of leasing the properties for a period of four years and then selling the properties.

	2023 \$'000	2022 \$'000
Fair value of Council's investment in Ararat Housing Enterprise Pty Ltd	501	-
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	-	-
Reported surplus(deficit) for year	1	-
Council's share of accumulated surplus(deficit) at end of year	1	-
Movement in carrying value of specific investment		
Carrying value of investment at start of year	-	-
Contribution to joint venture	500	-
Share of surplus(deficit) for year	1	-
Carrying value of investment at end of year	501	-

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

6.3 Investment property

	2023 \$'000	2022 \$'000
Balance at beginning of financial year	1,499	1,362
Fair value adjustments	162	137
Balance at end of financial year	1,661	1,499

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, Certified Practising Valuer 62050, who has recent experience in the location and category of the property being valued. The date of valuation is 30 June 2023. The valuation is at fair value, based on the current market value for the property, however the valuer has noted that there is a significant market uncertainty at the date of valuation.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Ararat Rural City Council

Subsidiaries and Joint arrangements

Interests in joint ventures are detailed in Note 6.2.

(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:

Councillor Jo Armstrong (Mayor)

Councillor Rob Armstrong

Councillor Henry Burridge

Manager Development & Regulation

Councillor Peter Beales

Councillor Bob Sanders

Chief Executive Officer

Councillor Gwenda Allgood

Councillor Bill Waterston

Deputy CEO

	2023 No.	2022 No.
Total Number of Councillors	7	7
Total of Chief Executive Officer and other Key Management Personnel	3	4
Total number of Key Management Personnel	10	11

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2023 \$'000	2022 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	623	815
Other long-term employee benefits	12	9
Post-employment benefits	39	62
Termination benefits	-	116
Total	674	1,002

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

	2023 No.	2022 No.
\$20,000 - \$29,999	5	5
\$30,000 - \$39,999	1	1
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	1	1
\$90,000 - \$99,999	1	-
\$150,000 - \$159,999	-	1
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	-	1
\$250,000 - \$259,999	-	1
\$280,000 - \$289,999	1	-
	10	11

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

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. *

Council has no other senior officers whose total remuneration exceeds \$160,000 in the current or previous financial year.

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.

	2023 \$'000	2022 \$'000
Remuneration to a related party of a Councillor. The employment was on normal terms and conditions of employment with Council.	3	19
Locksmith, engraving and site camera installation services supplied to Council by a business that is a related party of a Councillor.	8	28

(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 2023

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.

October 2022 Flood

Heavy rainfall during October 2022 resulted in damage to infrastructure assets within the municipality. Council has undertaken extensive works to reinstate all assets impaired by the event by 30 June 2023. At balance date Council had submitted claims for over \$0.300 million in Disaster Recovery Funding Arrangements (DRFA) with further claims of almost \$1.000 million submitted since then for works completed in the 2022-2023 financial year. Council has not recognised any income for DRFA assistance due to the level of uncertainty regarding the final amount of claims that will be approved.

(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.

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 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 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 2023

(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 2023

(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 4.10%.

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 2023

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. For plant and equipment carrying amount is considered to approximate fair value given short useful lives. 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 artworks, land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Artworks	3 to 5 years
Land	2 to 3 years
Buildings	2 to 3 years
Roads	2 to 3 years
Bridges	2 to 3 years
Footpaths and cycleways	2 to 3 years
Drainage	2 to 3 years

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. No impairment of assets was identified from the review. All flood damaged assets were fully repaired by 30 June 2023.

8.5 Events occurring after balance date

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

8.6 Adjustments directly to equity

Following a review Council found land improvement assets to the value of \$0.432 million that were not reflected in the asset register. These asset adjustments have been brought to account as an adjustment to the Council's accumulated surplus in the 2021-22 year.

	2023 \$'000	2022 \$'000
Found assets		
Land improvement	-	432
Total found assets	-	432

The effect of Council recognising found assets in the 2022-23 year is an increase to the opening balance of accumulated surplus of \$0.432 million for that year and an increase to property, infrastructure, plant and equipment of \$0.432 million.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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
2023			
Artworks			
Artworks	961	294	1,255
	961	294	1,255
Property			
Land	14,333	176	14,509
Buildings	30,694	3,204	33,898
	45,027	3,380	48,407
Infrastructure			
Roads	115,185	8,244	123,429
Bridges	18,572	1,148	19,720
Footpaths and cycleways	4,730	1,141	5,871
Drainage	790	311	1,101
	139,277	10,844	150,121
Total asset revaluation reserves	185,265	14,518	199,783
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

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 2023

(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
2023				
Capital works and projects	13,817	14,780	(13,817)	14,780
Plant replacement	506	-	(506)	-
Recreational land	100	65	-	165
Gravel pit restoration	10	-	(10)	-
Building capital	5,958	-	(1,000)	4,958
Environmental projects	95	-	-	95
Waste management	1,518	-	(1,000)	518
Total Other reserves	22,004	14,845	(16,333)	20,516
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

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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

	2023 \$'000	2022 \$'000
Surplus for the year	4,763	7,356
Depreciation	9,123	7,907
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(185)	(147)
Fair value adjustments for investment property	(162)	(137)
Borrowing Costs	33	54
Other	(3)	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(585)	314
(Increase)/decrease in inventories	(10)	5
(Increase)/decrease in prepayments	(2)	42
Increase/(decrease) in trade and other payables	225	237
Increase/(decrease) in trust funds and deposits	51	(201)
Increase/(decrease) in unearned income/revenue	(4,107)	(16)
Increase/(decrease) in provisions	(222)	(277)
Net cash provided by/(used in) operating activities	8,919	15,137

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

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.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was

notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

- Net investment returns - 5.7% pa
- Salary information - 3.5% pa
- Price inflation (CPI) - 2.8% pa.

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the 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.

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%. The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 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 2022 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). 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 2022 interim 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 2023

(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 2022 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 2022 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:

	2022 (Interim) \$m	2021 (Interim) \$m
A VBI Surplus	44.6	214.7
A total service liability surplus	105.8	270.3
A discounted accrued benefits surplus	111.9	285.2

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 2022.

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 2022.

The discounted accrued benefits 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 2022.

NOTES TO THE FINANCIAL REPORT

For the Year Ended 30 June 2023

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision super	Defined benefits	10.50%	14	37
Vision super	Accumulation	10.50%	661	644
Other super funds	Accumulation	10.50%	357	264

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$12,000.

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022-23 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 2023

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 » 11,741 (Australian Bureau of Statistics – Population Estimates by Local Government Area)

Area » 4,230 square kilometres

Rateable properties » 7,297

Number of Councillors » 7

Rates and charges revenue » \$17.696 million

Total revenue » \$38.401 million

Length of sealed local roads » 735 kms

Length of unsealed local roads » 1,466 kms

Length of natural surface roads » 254 kms

Total road length » 2,455 kms

Overview of 2023

During the financial year Council has undertaken a number of significant projects including major progress towards completion of the Gordon Street Recreation Reserve upgrade, implementation of the Revolution Ararat circular economy project, establishment of the Ararat Housing Enterprise P/L, substantial resheeting of gravel roads, flood recovery works, substantial work towards completing the Ararat Digital Twin project and migration of a significant number of families from the communities of Burma to Ararat under the Workforce Pilot Program.

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2023

Indicator / measure [formula]	Results				Comment
	2020	2021	2022	2023	
Population					
Expenses per head of municipal population	\$2,552.81	\$2,434.43	\$2,454.62	\$2,868.75	Expenditure increased in 2022/2023 to deliver the outcomes for several large project grants. Council also incurred over \$1.590 million expenditure for emergency and reinstatement works related to the October 2022 flood event.
[Total expenses / Municipal population]					
Infrastructure per head of municipal population	\$17,841.20	\$19,138.82	\$21,849.19	\$23,628.31	The increase in 2022/2023 is mostly due to a \$14.518 million revaluation of property and infrastructure assets.
[Value of infrastructure / Municipal population]					
Population density per length of road	4.89	4.94	4.86	4.78	The Australian Bureau of Statistics have estimated a decrease in Council's population over the past two years.
[Municipal population / Kilometres of local roads]					
Own-source revenue					
Own-source revenue per head of municipal population	\$1,649.13	\$1,611.45	\$1,623.47	\$1,743.89	User fees have increased, with Council facilities, such as the Ararat Fitness Centre, Town Hall and Alexandra Oval, able to operate again at full capacity post Covid-19. The increase in market interest rates has resulted in higher interest on investments.
[Own-source revenue / Municipal population]					
Recurrent grants					
Recurrent grants per head of municipal population	\$723.77	\$943.59	\$921.74	\$916.70	Increases in recurrent grants have been offset by Council no longer receiving grant funding to provide home care services.
[Recurrent grants / Municipal population]					
Disadvantage					
Relative Socio-Economic Disadvantage	1	1	1	2	The Australian Bureau of Statistics have revised Council's Socio-Economic Index for Areas (SEIFA) with the municipality now considered to be less disadvantaged than in previous years.
[Index of Relative Socio-Economic Disadvantage by decile]					
Workforce turnover					
Percentage of staff turnover	14.7%	13.5%	16.8%	23.4%	There has been a higher number of staff resignations, including many staff retiring during the year.
[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 2023

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 2023

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Aquatic Facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4.13	1.20	2.65	3.05	Council saw an increase of 4,300 patrons visiting our municipal pools during the 2022/2023 financial year. This result is due to Council actively focussing on increasing utilisation of our pools and fitness centre to ensure these services are viable into the future, such as membership drives and an increased offering of programs.
Animal Management					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	0%	0%	0%	100%	There was one animal prosecution during this reporting period, to which Council received a successful outcome.
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	114.29%	100.00%	83.33%	0.00%	Council's Environmental Health service continues to work with businesses to ensure regulatory standards are met, and there have been no critical and major non-compliance issues for this reporting period.

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2023

Service / indicator / measure	Results				Material Variations
	2020	2021	2022	2023	
Governance					
Satisfaction					
Satisfaction with Council decisions	57	63	65	60	Council has seen a slight decrease in community sentiment in regard to satisfaction with Council decisions. Although we remain significantly above the state average for this indicator, Council is committed to continuous and ongoing improvement in this area.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					
Libraries					
Participation					
Active library borrowers in municipality	11.75%	10.71%	8.55%	7.85%	2022/2023 results indicate a continual decrease in active borrowers. Council is actively working to encourage new members and borrowers, with new and varied programs aimed at different demographics. It's important to note that 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.
[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100					
Maternal and Child Health (MCH)					
Participation					
Participation in the MCH service	81.45%	85.59%	85.53%	84.87%	Participation levels have remained steady since last reporting period. Council continue to review engagement practices within the maternal and child health service to increase participation rates.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
Participation					
Participation in the MCH service by Aboriginal children	80.00%	92.00%	87.50%	90.48%	Council has 21 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.
[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					

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2023

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Roads					
Satisfaction					
Satisfaction with sealed local roads	56	59	58	51	The decrease in satisfaction score for community satisfaction with sealed roads may be attributed to the difficult year of rain events and ability to maintain our sealed roads to community expectations during these conditions. Council is committed to road renewal and capital works which is recognised in the 2023/2024 Council budget.
[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%	100%	100%	Council saw one VCAT decision in 2022/2023. 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	25.19%	23.96%	21.02%	22.90%	Waste diverted from landfill is consistent with the last three years, and quite low compared to state average. We expect this amount to rise next reporting period in line with the introduction of the new four bin system.
[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 2023

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 2023

Dimension / indicator / measure	2020	2021	2022	2023	2024	2025	2026	2027	Material Variations
Efficiency									
Expenditure level									
Expenses per property assessment	\$4,206.73	\$4,049.49	\$4,064.44	\$4,615.87	\$3,734.27	\$3,734.63	\$3,797.17	\$3,862.81	Expenditure increased in 2022/2023 to deliver the outcomes for several large project grants. Council also incurred over \$1.59 million expenditure for emergency and reinstatement works related to the October 2022 flood event. The reduced indicator in future years is based on minimal non-recurrent operating grants being received.
[Total expenses/ Number of property assessments]									
Revenue level									
Average rate per property assessment	\$2,076.66	\$2,060.89	\$2,028.33	\$2,006.30	\$2,028.09	\$2,025.82	\$2,075.00	\$2,140.81	Council has delivered a net rate rise of 0% for a six-year period up to 2023/2024. Additionally, the number of properties within the municipality continues to grow.
[General rates and Municipal charges / Number of property assessments]									
Liquidity									
Working capital									
Current assets compared to current liabilities	396.18%	202.08%	224.65%	321.83%	248.09%	252.74%	260.46%	235.18%	Current liabilities for unearned income/revenue have decreased by \$4.063 million in 2022/2023 with the performance obligations completed during the year for many government grants received by Council. Cash assets are forecast to decrease in future years as carried forward projects are completed
[Current assets / Current liabilities] x100									
Unrestricted cash									
Unrestricted cash compared to current liabilities	172.49%	64.51%	64.66%	64.43%	190.98%	195.07%	200.05%	177.12%	Council has achieved consistent results for this indicator over the past 3 years. The increase from 2024 is based on Council completing carried forward and grant-funded projects within the financial year.
[Unrestricted cash / Current liabilities] x100									

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2023

Dimension / indicator / measure		Results				Forecasts			Material Variations
		2020	2021	2022	2023	2024	2025	2026	2027
Obligations									
Loans and borrowings									
Loans and borrowings compared to rates		16.15%	15.43%	3.41%	7.07%	1.71%	0.85%	0.00%	0.00%
[Interest bearing loans and borrowings / Rate revenue] x100									Council has used equipment finance to purchase two new waste trucks to provide waste collection services. Loans are forecast to decrease in future years as loan repayments are made.
Loans and borrowings									
Loans and borrowings repayments compared to rates		1.41%	1.41%	12.51%	1.20%	0.89%	0.85%	0.83%	0.00%
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									Repayments have reduced compared to 2021/2022 which included the payout of a \$2 million loan. Loan repayments are forecast to reduce as the loan balances decrease.
Indebtedness									
Non-current liabilities compared to own source revenue		15.44%	4.29%	3.30%	5.47%	4.56%	3.11%	2.42%	0.83%
[Non-current liabilities / Own source revenue] x100									Non-current liabilities have increased with Council using equipment finance to purchase two new waste trucks to provide waste collection services.
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation		118.09%	164.30%	174.50%	90.93%	122.82%	123.85%	126.82%	136.51%
[Asset renewal and upgrade expense / Asset depreciation] x100									There has been an increase in the proportion of capital works expenditure on new assets, including the Gordon Street Recreation Reserve development, new footpath connections, Ararat east development zone infrastructure and the purchase of plant and equipment to provide waste collection services, while several asset renewal and upgrade projects have been delayed due to unfavourable weather conditions.

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2023

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 2023

1. 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 26 June 2023 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: 26 September 2023

In our opinion, the accompanying performance statement of the Ararat Rural City Council for the year ended 30 June 2023 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.



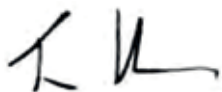
Jo Armstrong
Councillor

Dated: 26 September 2023



Henry Burridge
Councillor

Dated: 26 September 2023



Dr Tim Harrison
Chief Executive Officer

Dated: 26 September 2023

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 2023 • municipal snapshot • overview of 2023 • sustainable capacity indicators for the year ended 30 June 2023 • service performance indicators for the year ended 30 June 2023 • financial performance indicators for the year ended 30 June 2023 • 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 2023 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
6 October 2023

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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Website:

www.ararat.vic.gov.au

Customer Services:

Municipal Offices
59 Vincent Street
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