



Ararat Rural City

MINUTES

COUNCIL MEETING

Tuesday 26 September 2023

Held in the Council Chambers, Shire Offices
(Livestreamed)

Commenced at 6.03pm

Council:

Cr Jo Armstrong (Mayor)

Cr Gwenda Allgood

Cr Rob Armstrong

Cr Peter Beales

Cr Henry Burridge

Cr Bob Sanders

Cr Bill Waterston

A recording of this meeting is being made for the purpose of verifying the accuracy of the minutes of the Council Meeting.

The recording is being streamed live via Facebook, to improve transparency between council and the community and give more people the opportunity to view what decisions are being made. You do not require a Facebook account to watch the live broadcast, simply enter www.facebook.com/araratruralcitycouncil into your address bar.

Recordings of Council Meetings (excluding closed sessions) are made available on Council's website.

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PRESENT:

Cr Gwenda Allgood, Cr Rob Armstrong, Cr Peter Beales, Cr Henry Burridge, Cr Bob Sanders (Deputy Mayor – Chair), Cr Bill Waterston,
Mr Tim Harrison, Chief Executive Officer, Chandra Willmott, Governance & Risk Lead and Josie Frawley, Executive Officer.

SECTION 1 – PROCEDURAL MATTERS

1.1 LIVE STREAMING

Council is keen to engage with members of the community and live streams the formal Council Meetings to make them accessible. The stream is available to view on Council's Facebook page from 6pm and on Council's website following the Council Meeting.

1.2 TRADITIONAL ACKNOWLEDGEMENT/OPENING PRAYER/COUNCILLORS PLEDGE

Traditional acknowledgement – CR BURRIDGE

We acknowledge the traditional owners of the land on which we meet today, and pay our respects to their elders, past, present and emerging.

Opening Prayer - CR R ARMSTRONG

Almighty God, we humbly ask you to help us, as elected Councillors of the Ararat Rural City Council. Guide our deliberations. Prosper what is your will for us, to your honour and glory and for the welfare and benefit of the people whom we serve in the Ararat Rural City.

Councillors Pledge - CR WATERTSON

We will faithfully and impartially carry out and exercise the functions, powers, authorities and discretions invested in us under the *Local Government Act 2020* and any other Act to the best of our skill and judgement.

1.3 APOLOGIES

MOVED CR BEALES
SECONDED CR R ARMSTRONG

That the apology of Councillor Jo Armstrong be accepted.

CARRIED 4881/23

1.4 CONFIRMATION OF MINUTES

RECOMMENDATION

That the Minutes of the Council Meetings held on 29 August 2023 be confirmed.

MOVED CR WATERSTON
SECONDED CR ALLGOOD

That the Minutes of the Council Meetings held on 29 August 2023 be confirmed.

CARRIED 4864/23

1.5 DECLARATION OF CONFLICT OF INTEREST

A Councillor who has a conflict of interest in a matter being considered at a *Council meeting* at which he or she:

- 1 is present must disclose that conflict of interest by explaining the nature of the conflict of interest to those present at the *Council meeting* immediately before the matter is considered; or
- 2 intends to be present must disclose that conflict of interest by providing to the *Chief Executive Officer* before the *Council meeting* commences a written notice:
 - (a) advising of the conflict of interest;
 - (b) explaining the nature of the conflict of interest; and
 - (c) detailing, if the nature of the conflict of interest involves a Councillor's relationship with or a gift from another person, the:
 - name of the other person;
 - nature of the relationship with that other person or the date of receipt, value and type of gift received from the other person; and
 - nature of that other person's interest in the matter,and then immediately before the matter is considered at the meeting announcing to those present that he or she has a conflict of interest and that a written notice has been given to the *Chief Executive Officer* under this sub-Rule.

The Councillor must, in either event, leave the *Council meeting* immediately after giving the explanation or making the announcement (as the case may be) and not return to the meeting until after the matter has been disposed of.

Cr Allgood advised that she had a conflict of interest to declare in relation to Item 3.8 and 6.1

Cr Beales advised that she had a conflict of interest to declare in relation to Item 9.1

SECTION 2 – PUBLIC PARTICIPATION

2.1 PETITIONS AND JOINT LETTERS

- 1 Unless *Council* determines to consider it as an item of urgent business, no motion (other than a motion to receive the same) may be made on any petition, joint letter, memorial or other like application until the next *Council meeting* after that at which it has been presented.
- 2 It is incumbent on every Councillor presenting a petition or joint letter to acquaint himself or herself with the contents of that petition or joint letter, and to ascertain that it does not contain language disrespectful to *Council*.
- 3 Every Councillor presenting a petition or joint letter to *Council* must:
 - write or otherwise record his or her name at the beginning of the petition or joint letter; and
 - confine himself or herself to a statement of the persons from whom it comes, the number of signatories to it, the material matters expressed in it and the text of the prayer or request.
- 4 Every petition or joint letter presented to *Council* must be in *writing* (other than pencil), typing or printing, contain the request of the petitioners or signatories and be signed by at least 12 people.
- 5 Every petition or joint letter must be signed by the persons whose names are appended to it by their names or marks, and, except in cases of incapacity or sickness, by no one else and the address of every petitioner or signatory must be clearly stated.
- 6 Any signature appearing on a page which does not bear the text of the whole of the petition or request may not be considered by *Council*.
- 7 Every page of a petition or joint letter must be a single page of paper and not be posted, stapled, pinned or otherwise affixed or attached to any piece of paper other than another page of the petition or joint letter.
- 8 If a petition, joint letter, memorial or other like application relates to an operational matter, *Council* must refer it to the *Chief Executive Officer* for consideration.

There were no new Petitions or Joint Letters received.

SECTION 3 – REPORTS REQUIRING COUNCIL DECISION

3.1 CHANGES TO MEETING DATE 2023

RESPONSIBLE OFFICER: EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11732

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

At the Statutory Meeting held on 8 November 2022, Council resolved that the Council Meetings be held on the last Tuesday of each month.

This report outlines a proposed change to the meeting date of the November 2023 Statutory Council Meeting, due to Melbourne Cup falling on the first Tuesday of the month.

DISCUSSION

In line with the change in scheduling from the last Tuesday to the second last Tuesday of the month, it is now proposed to change the date of the November 2023 Statutory Council Meeting, as it falls on Melbourne Cup Day, which is a national public holiday.

Proposed changes to the current schedule are as follows:

- 7 November 2023 Statutory Council Meeting will be set one week later to 14 November 2023.

The new date will be advertised on the following platforms:

- Council website
- Local papers
- Councils Facebook page

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The report supports the strategic objective of the Council Plan 2021-2025:

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.

Budget Implications

Advertising of Council Meeting dates is allocated in the Annual Budget 2023/2024.

Policy/Relevant Law

Schedule set for Council Meetings, meetings advertised and placed on Council website as required under the Governance Rules.

Risk Assessment

None identified.

Stakeholder Collaboration and Community Engagement

The change of Council Meeting dates was discussed with Councillors.

Following adoption of this report an advertisement will be placed in local newspapers and on Council's website advising the community of the changes to Council Meeting schedule for 2023.

RECOMMENDATION

That Council:

- 1 Adopts the revised Council Meeting dates for 2023 as follows:
6.00pm - Tuesday 14 November 2023; and***
- 2 Advertises the new date and time of the Council Meeting dates for 2023 in the local newspapers and on Council's website.***

MOVED CR BEALES

SECONDED CR R ARMSTRONG

That Council:

- 1 Adopts the revised Council Meeting dates for 2023 as follows:
6.00pm - Tuesday 14 November 2023; and**
- 2 Advertises the new date and time of the Council Meeting dates for 2023 in the local newspapers and on Council's website.**

CARRIED 4865/23

ATTACHMENTS

There are no attachments in relation to this item.

3.2 TREE ASSET MANAGEMENT PLAN

RESPONSIBLE OFFICER: CONTRACTS & PROCUREMENT LEAD
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11733

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Asset plans as referred to in the Local Government Act 2020, are community facing documents that show how Council assets will be managed and maintained, while meeting the community's needs and interests.

Assets managed by Local Government include an extensive network of local roads and other assets such as land, buildings, parks, and recreation facilities. Good asset management is critical to the asset intensive nature of Local Government, particularly for rural councils with higher operating costs of assets, it is important to consider the needs, demands and expectations of communities and to deliver services from infrastructure assets in a sustainable and affordable way.

DISCUSSION

The fundamental purpose of the Tree Asset Management Plan is to improve Council's long term strategic management of its tree assets. This plan communicates the actions required for the responsible management of assets and the associated services provided, compliance with regulatory requirements and funding needed to provide the required levels of service to the community.

The intent of the document is to outline the approach used by Ararat Rural City Council (Council) in managing its Tree assets. This plan covers the entire lifecycle of managing the tree assets including but not limited to:

- Construction and Capital Works.
- Maintenance.
- Inspection and Health Assessment.
- Asset Register and Data.
- End of life/Renewal.
- Valuation.
- Incident Management.
- Reporting.

Council will execute the management of its Tree assets in alignment with the approach outlined in this plan.

The plan is structured into components representing operational areas of the council called services. The responsibilities that exist within those services combine towards a whole of organisation approach to asset management.

Council service lines included in this plan are:

- Asset Management
- Depot Operations
- Finance
- Engineering
- Procurement
- Customer Services

- Governance
- Occupational Risk and Safety
- Organisational Transformation

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

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.

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.

Budget Implications

The costs associate with reviewing the Asset Management Plans are allocated in the current budget.

Policy/Relevant Law

Ararat Rural City Council – Local Laws
Ararat Rural City Council - Planning Scheme
Flora and Fauna Guarantee Act 1988
Environment Protection and Biodiversity Conservation Act 1999
Aboriginal Heritage Act 2006
Aboriginal Heritage Amendment Act 2016
Local Government Act 2020 & 1989
Ararat Rural City Council Road Management Plan
Ararat Rural City Council Plan 2021 – 2025
Ararat Rural City Council Financial Plan 2021-2031
Ararat Rural City Council Asset Plan 2021-2031
Ararat Rural City Council Road Register

Sustainability Implications

The asset management plan is considered within the following future impacts in mind:

Climate change
Service delivery
Demographic change
Emerging technologies and practices
Political environments
Asset volume (including duplication, redundancy and scarcity)
Asset condition
Financial capacity

Risk Assessment

The Tree Asset Management Plan is one of the risk management measures in relation to the management of tree assets. There is no significant risk in application of the plan. Council officers will ensure that the Plan is implemented across the organisation.

Innovation and Continuous Improvement

The introduction of strategic planning principles, and the integrated approach to planning, monitoring and performance reporting allows for continuous improvement and innovation opportunities to be utilised through the life cycle of Council's assets.

Stakeholder Collaboration and Community Engagement

The review of the Tree Asset Management Plan has been carried out through internal consultation with relevant officers.

RECOMMENDATION

That:

- 1 Council adopt the Tree Asset Management Plan; and*
- 2 The Tree Asset Management Plan be placed on Council's website.*

**MOVED CR BEALES
SECONDED CR WATERSTON**

That:

- 1 Council adopt the Tree Asset Management Plan; and**
- 2 The Tree Asset Management Plan be placed on Council's website.**

CARRIED 4866/23

ATTACHMENTS

The Tree Asset Management Plan is provided as Attachment 3.2.

Trees
Asset Management Plan

Ararat Rural City Council

Tree Asset Management Plan

Trees
Asset Management Plan

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1 Plan Intention and Structure

The intent of this document is to outline the approach used by Ararat Rural City Council in managing its Tree network. This plan covers the entire lifecycle of all elements of managing the Tree network including but not limited to:

- Construction and Capital Works.
- Maintenance.
- Inspection and Health Assessment.
- Asset Register and Data.
- End of life/Renewal.
- Valuation.
- Incident Management.
- Reporting.

Ararat Rural City Council will execute the management of its Tree network aligned with the approach outlined in this plan.

This plan is structured into components representing operational areas of the council called 'services'. The responsibilities that exist within those services combine towards a whole of organisation approach to asset management.

Council service lines included in this plan are:

- Asset Management
- Depot Operations
- Finance
- Engineering
- Procurement
- Customer Services
- Governance
- Occupational Risk and Safety
- Organisational Transformation

2 Introduction

2.1 Tree Asset Class

The Ararat Rural City Council (Council) has a very wide diversity of trees in terms of species, age, size, and density. There are seven Avenues of Honour which contain 187 culturally significant trees and many others are within the Alexandra Gardens, major parks and national park land.

There is limited detail on the total number, species, and condition of the tree population in the municipality. Collection and recording of data on Council's trees is commencing but completing this and maintaining up to date records requires significant resources to protect and enhance the overall tree assets in the Ararat municipality. Trees are an essential part of the urban and rural landscape, providing economic, social, and ecological benefits. They are highly important and should be managed similarly to other Council assets. Trees are however living assets and need to be managed accordingly.

2.2 Tree Management Issues

Trees, like any other asset, need to be managed to maximise their benefits and minimise adverse effects. As biological assets, trees do not behave evenly over their life and are prone to many factors outside the control of the tree owner e.g. drought, weather, site conditions, contractor/service provider interference and disease. Their life cycle can vary enormously, is not easy to predict and require ongoing assessment.

Trees take many years to develop to maturity and provide maximum benefits to the community and the local ecology. They cannot be quickly replaced. The retention and protection of larger trees is important, especially in an expanding and everchanging urban environment as they provide the maximum community benefit.

Ararat Rural City Council is committed to the efficient and effective management of trees within the municipality, however given the number of trees, it is not possible to completely address all risks associated with trees at any one time, as such, the inspection and maintenance of the tree network is conducted on a risk basis.

Trees are assessed based on their location, any identifiable defects, the probability of the defects resulting in limb or trunk failure and the likely consequences if failure occurs. Proactive and reactive works will always need to be managed carefully when the level of resources is limited.

A basic inventory of trees which includes their location, species, condition, size and surrounding environment provides the basis for making qualified decisions. It is also essential to be able to interrogate the data and keep the information up to date. To this end it is important that any works conducted are recorded in Council's asset management system, "Confirm". Council continues these efforts to map and assess the large number of trees within the municipality. Currency and completeness of inventory data is also essential for good long term strategic assessment, direction and plan development.

3 Asset Management

The Asset Management service is responsible for the delivery of the following core items.

- Asset Management System.
- Asset Class Definition.
- Asset Data Structure and Schema.
- Intervention Definitions.
- Condition Definition and Inspection.
- Asset Attribute Data Collection and upkeep.
- General Asset Reporting.

3.1 Asset Management System

Ararat Rural City Council uses an Asset System called Confirm. Confirm has two modules that act as extensions to the Confirm software, Confirm Connect and Confirm WorkZone.

Confirm Connect is a mobility enabled software module that is built for the specific purpose of ‘in the field’ use. The software works on a tablet or phone and can work in both online (internet connected) and offline (blackspot or offline) modes. Primarily the software is used by operators to complete ‘in the field’ activities such as condition inspections, defect inspections or asset attribute data collection.

Confirm WorkZone is used as a management interface to schedule works. This allows for works in similar locations to be grouped, so works can be executed by a crew whilst in a specific region or zone.

3.2 Tree Class Definition

Ararat Rural City Council Tree are broken down into Tree different classes. This breakdown serves as both a separator for type and a means to value the Tree network.

Code	Description
1	Street Trees - Trees that are located on nature strips throughout the community
2	Park Trees - Trees located in parks in the community.
3	Heritage Trees - Significant for their age or size or acting as a living memorial to events that are important to people and communities.
4	Native Bushland – Areas of high conservative value to fauna.

Trees
Asset Management Plan

Table 1 - Hierarchy for natural assets

Asset Class	Asset Type	Asset Component	Asset subcomponent
Natural Assets	Vegetation	Roadside reserve Riparian reserves	Trees Shrubs Grasses
	Trees	Street trees Roadside trees Reserves	
	Water ways	Creek River Ocean Estuary Lake Wetland Pond	Riparian edge Weir Bed Water Bank Aquatic vegetation

Where more data is available, include:

- Tree useful life - (derived from historical council data relating to the life of roadside tree assets, or from published data). For other asset classes, useful life is a key input to decision making, particularly predicting the timing of an asset renewal. For roadside trees, this data may not be as useful but may assist in long term planning.
- Fauna inhabiting or relying on the tree.
- Tree age
- Health
- Historic significance
- Significant Tree Register
- Presence of hollows

3.3 Stakeholders

Internal stakeholders for the roadside tree sites, include:

- Council
- Asset managers
- Environmental scientists/managers
- Weed officers.
- Roadside maintenance crews
- Compliance officers
- Planners
- Subject matter experts

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Asset Management Plan

- Emergency management staff
- Financial managers

External stakeholders include, but are not limited to:

- Adjacent landowners
- Regulators
- Special interest groups
- Emergency services
- Landcare groups
- Department of Transport
- Utilities
- Biodiversity and Conservation Trusts
- Parks Victoria
- Department of Energy, Environment and Climate Action (DECCA)

3.4 Applicability

This Tree Asset Management Plan will be applicable to the following:

- Street trees planted by Council or for which Council has assumed responsibility.
- Parkland trees planted by Council or for which Council has assumed responsibility located in Council managed parks and reserves.
- Trees located in other Council owned for managed properties.

Excluded from the tree asset management plan are the following:

- Private trees located on private land.
- Roadside trees pursuant to Section 107 of the Road Management Act 2004¹

3.5 Data Schema

The following structure outlines the mandatory and optional attribute data collected specific to the Ararat Rural City Council Tree Network

MANDATORY DATA

- Genus
- Species, Height, Spread, DBH
- Date planted.
- Age
- Condition
- Photos

¹ Council has no Statutory or Common Law duty to inspect roadside trees, inspections and mitigation works are conducted when resources allow for such works or in the event of a reactive inspection.

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Asset Management Plan

OPTIONAL DATA

- Canopy area?

3.5.1 Spatial Data

The Ararat Rural City Council Tree network is captured spatially by position (latitude and longitude) and can be displayed on a mapping environment however the spatial representation of the tree as a three-dimensional model (using LiDAR etc) is not available at this time.

3.6 Tree Inspection

Council will endeavour to assess all applicable trees within the Municipality to determine their potential for public risk with inspection frequencies determined by that potential. Trees in “high risk” areas will warrant more frequent inspections. To enable Council to effectively monitor and maintain its tree assets, Council must maintain an up-to-date inventory of applicable trees within its Confirm Asset Management System. Each tree in Confirm is uniquely identified and assigned a category in the hierarchy relevant to its location. Information contained within this inventory is defined within Council’s data standards.

Condition inspections occur via one of the following methods.

- Level 1 Routine Maintenance Inspection (Asset officer or Maintenance staff)
- Level 2 Condition Inspection (Asset Officer)
- Level 3 Technical/Professional - as required utilising external expertise (Arborist)

3.6.1 Condition Definition

Street Trees

Condition	Description
Very Good	Healthy tree in correct shape for species and location. Well maintained with no significant defects and no evidence of deterioration. No work Required.
Good	As grade 1 but showing slight defects and deterioration e.g., <5%-10% bark damage, <10% deadwood, but no dead branches. Deterioration has no significant impact on health, safety and appearance of the tree. Only minor works required
Fair	Tree generally sound but appearance affect by minor defects e.g., vandalism, 5-10% bark damage, 10-15% deadwood, inappropriate shape, some rubbing and dead branches but no safety risk. Some deterioration beginning to affect the health, and appearance of the tree. Some work required. Replacement/ rejuvenation possible within 3-6 years.
Poor	Tree has significant defects e.g. 10-15% bark damage, 15-25% deadwood, broken branches, some rot and disease, poor shape and up to 5% dead or rubbing branches, causing a marked deterioration in appearance, health and safety of the tree. Impact from adjacent paths or kerbing. Significant work required replacement/ rejuvenation needed within 1-3 years.

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Very Poor	Unhealthy tree with serious defects and has died or is about to die in the near future e.g., >15% bark damage, >25% deadwood, >5% dead branches, significant disease and rot resulting in unacceptable deterioration in appearance, health and safety. Priority replacement required.
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Park Trees

Condition	Description
Very Good	Healthy tree in correct shape for species and location. Well maintained with no significant defects and no evidence of deterioration. No work Required.
Good	As grade 1 but showing slight defects and deterioration e.g., <5%-10% bark damage, <10% deadwood, but no dead branches. Deterioration has no significant impact on health, safety, and appearance of the tree. Only minor works required
Fair	Tree generally sound but appearance affect by minor defects e.g. vandalism, 5-10% bark damage, 10-15% deadwood, inappropriate shape, some rubbing and dead branches but no safety risk. Some deterioration beginning to affect the health, and appearance of the tree. Some work required. Replacement/ rejuvenation possible within 6-10 years.
Poor	Tree has significant defects e.g., 10-15% bark damage, 15-25% deadwood, broken branches, some rot and disease, poor shape and up to 5% dead or rubbing branches, causing a marked deterioration in appearance, health and safety of the tree. Impact on roots from adjacent paths or foundations. Significant work required replacement/ rejuvenation needed within 2-5 years.
Very Poor	Unhealthy tree with serious defects and has died or is about to die in the near future e.g., >15% bark damage, >25% deadwood, >5% dead branches, significant disease and rot resulting in unacceptable deterioration in appearance, health and safety. Priority replacement required.



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Asset Management Plan

Heritage Trees

Condition	Description
Very Good	Healthy tree in correct shape for species and location. Well maintained with no significant defects and no evidence of deterioration. No work Required.
Good	As grade 1 but showing slight defects and deterioration e.g., <5%-10% bark damage, <10% deadwood, but no dead branches. Deterioration has no significant impact on health, safety, and appearance of the tree. Only minor works required
Fair	Tree generally sound but appearance affect by minor defects e.g. vandalism, 5-10% bark damage, 10-15% deadwood, inappropriate shape, some rubbing and dead branches but no safety risk. Some deterioration beginning to affect the health, and appearance of the tree. Some work required. Replacement/ rejuvenation possible within 3-4 years.
Poor	Tree has significant defects e.g. 10-15% bark damage, 15-25% deadwood, broken branches, some rot and disease, poor shape and up to 5% dead or rubbing branches, causing a marked deterioration in appearance, health and safety of the tree. Impact on roots from adjacent paths or foundations. Significant work required replacement/ rejuvenation needed within 1-3 years.
Very Poor	Unhealthy tree with serious defects and has died or is about to die in the near future e.g., >15% bark damage, >25% deadwood, >5% dead branches, significant disease and rot resulting in unacceptable deterioration in appearance, health and safety. Priority replacement required.



Bush/Natural Vegetation

Condition	General Meaning
Very Good	Healthy plants with 100% coverage, no significant defects, and no evidence of deterioration. Evidence of native fauna occupying the habitat in a symbolic relationship. No work required.
Good	As grade 1 but, showing slight defects and deterioration e.g., 5% unhealthy plants, 5% affected by pests & disease. Deterioration has no significant impact on health and appearance of the bush. Only minor works required.
Fair	Plants generally sound but appearance affected by minor defects e.g., 5-10% plants dead or damaged, some pests & disease, noticeable gaps in coverage. Some deterioration beginning to affect the health and appearance of the bush.

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Asset Management Plan

	Some work required. Replacement/ rejuvenation needed within 3-10 years.
Poor	Boardwalk functioning but with problems due to significant defects e.g. impact damage, rotting/splitting of timber, loosening of fastening and supports, degradation of non-slip features, causing a marked deterioration in strength, stability, functionality and appearance. Likely to require renewal within 1-2 years.
Very Poor	Unhealthy plants with serious defects, which have died or are about to die soon e.g., >25% deadwood, significant pests, disease and rot resulting in unacceptable deterioration in appearance and health. Priority replacement/rejuvenation required.



3.6.2 Condition Inspection Routine

INSPECTION DESCRIPTION	RATE
Condition 1-3	Once annually
Condition 4	Twice annually
Condition 5	Quarterly annually

3.7 Attribute Collection

Asset staff will utilise Confirm Connect to check current asset attribute data and update as necessary whilst in the field assessing/visiting an asset (i.e., for a condition inspection) New assets will be recorded in confirm based on design specifications and then checked and updated in the field. Asset Attribute data collection will be in line with mandatory data collection requirements.

3.8 General Asset Reporting

Asset staff are required to provide annual asset reporting for valuations and grant application requirements. These specific reports include but are not limited to:

- Tree asset including attribute.
- Tree spatial mapping
- Tree condition report
- Tree maintenance report

3.9 Internal Auditing of Process

The processes that are to be audited internally per annum are as follows:

- Collection and storage of condition information.

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Asset Management Plan

- Recording of complaints/requests in the manner required.
- Complaint/request is inspected and/or assessed in relation to risk/safety & specified maintenance intervention levels;
- Proactive inspections are carried out as scheduled.
- Relevant inspection reporting and recording mechanisms are in place.
- Reported defects are being properly recorded in the system.
- Appropriate rectification responses are determined, and Works Orders issued.
- Record of maintenance activities is made against the asset.
- Management system in place to record and respond to customer enquiries; and
- Asset handover/update process is being managed as required.

3.10 Existing Tree Controls and Regulations

There are existing laws and regulations that control the removal and pruning of both native and exotic vegetation on private and public land. The policies and procedures in this Plan are in support of those laws and regulations and need to be viewed as being in addition to those laws and regulations.

It is the responsibility of all persons to ensure they do not do anything that is in contravention of any existing laws and regulations. The following information is provided to assist you in determining what laws and regulations may apply to various situations.

3.10.1 State Government

There is State Government legislation which controls what may or may not be done with vegetation e.g., the Planning and Environment Act 1987. More information on this Act and the Department of Environment, Land, Water and Planning's Native Vegetation Management Framework (NVMF) can be found at www.dwelp.vic.gov.au/planning.

3.10.2 Local Government

The Ararat Rural City Council has a variety of planning scheme requirements and local laws that specify what may or may not be undertaken with certain types of vegetation. Some of the requirements in the planning scheme are included in the following provisions:

ALL VEGETATION

- | | |
|---------------------------------------|--------------|
| • Environmental Significance Overlays | Clause 42.01 |
| • Vegetation Protection Overlays | Clause 42.02 |
| • Significant Landscape Overlays | Clause 42.03 |
| • Heritage Overlay | Clause 43.01 |
| • Public Acquisition Overlay | Clause 45.01 |

NATIVE VEGETATION

- | | |
|-----------------------------------|--------------|
| • Native Vegetation Precinct Plan | Clause 52.16 |
| • Native Vegetation | Clause 52.17 |

LOCAL LAWS SPECIFIC TO VEGETATION ARE INCLUDED IN THE FOLLOWING PROVISIONS:

Trees
Asset Management Plan

- | | |
|-------------------------------------------------------|-----------|
| • Unsightly and Dangerous Properties | Clause 12 |
| • Trees and Plants Not to Obstruct or Obscure | Clause 16 |
| • Trees or Plants Causing Damage to a Municipal Place | Clause 20 |
| • Vegetation on Nature Strips | Clause 21 |

3.11 Exceptional Circumstances

Trees are a living organism and the environment in which they live can change quickly. Council will make every endeavour to meet all aspects of its Tree Asset Management Plan. However, in the event of natural disasters and other events including, but not limited to, storms, fires, floods, droughts, a lack of Council staff or suitably qualified Contractors and the like, Council reserves the right to suspend compliance with its Tree Management Plan.

The Chief Executive Officer and Council's Risk and Governance department will be advised any suspensions or reactivations of the Tree Asset Management Plan.

4 Depot Operations

The core responsibilities of council's depot operations with relation to Tree is the identification of tree defects and the rectification of those defects through routine and responsive maintenance. Defects are identified through an inspection process and assessed against intervention definitions.

4.1 Proactive Inspection

These inspections are scheduled in accordance with Item 4.4.1. A qualified Arborist will inspect the tree for any defects which may impact the structural integrity of the tree. Any mitigation works logged on the tree will be determined in accordance with the location of the tree, the type of defect identified, the likelihood that the defect will result in trunk or branch failure and the likely consequences if failure occurs. Mitigation works will be referred for further action in accordance with Item 4.4.1.

4.2 Reactive Inspection

These inspections come about after Council is notified of:

1. An incident related to an insurance claim.
2. A report of an issue by the community; or
3. Identification of an issue by a Council employee.

Depending on the Risk Assessment, within 2 – 30 working days of Council's team becoming aware of an issue, an appropriately qualified Arborist will carry out an inspection and confirm any defects or issues and then refer these for further action in accordance with the time frames stipulated in Item 4.4.2. The reactive inspection timeframe will be determined by the location of the tree and the nature of the defect or incident.

4.3 Defect Definition

The following table is used to identify if any defect exists when undertaking a tree defect inspection.

Should a defect be identified it is logged as a defect within Confirm Connect which will trigger the creation of the job for works to be undertaken to rectify the defect identified. Defect Inspection Routine

The following table outlines the defect inspection timeframe intervals.

Trees	Defect Inspection Interval	Customer Request Inspection
Heritage Trees	1 year	5 days
Park Trees	2 years	10 days
Street Trees	5 years	14 days
Native Bushland	5 years	30days

- Link inspections occur at least every 12 months.
- Preventative maintenance includes proactive maintenance and plans maintenance. Simple maintenance tasks
- Reactive maintenance includes corrective maintenance and unplanned maintenance. This will extend the life of asset instead of further deterioration.

Trees
Asset Management Plan

4.4 Tree Maintenance

Tree Maintenance is triggered via response to a complaint, enquiry or event (reactive maintenance) or is routine in nature, based schedule of maintenance events.

Tree inspections are aligned with the Victorian State Government's Road structures inspection manual.

4.4.1 Routine Maintenance

Routine maintenance is scheduled maintenance applied to a tree outside of reactive maintenance, where a tree maintenance team will visit a tree onsite and complete any maintenance works required on the tree where any defects exist outside of intervention levels.

Routine maintenance scheduling operates as per the table below:

Tree	Maintenance Interval	Responsibility
Heritage Trees	1 year	Depot Operations
Park Trees	2 years	Depot Operations
Street Trees	2 years	Depot Operations
Native Bushland	5 years	Depot Operations

4.4.2 Reactive Maintenance

Reactive tree maintenance is undertaken by the depot operations team. It is packaged via a works coordinator who distributes jobs using Confirm WorkZone for execution by crews in Confirm Connect based on identified defects through the inspection process.

Tree	Timeframe	Responsibility
Heritage Tree	5 days	Depot Operations
Park trees	20 days	Depot Operations
Street Trees	50 days	Depot Operations
Native Bushland	100 days	Depot Operations

4.5 Tree Selection and Planting

Street and parkland tree planting should be done in a programmed and sustainable manner. This is a sound approach both environmentally and economically. Due to lead times associated with the production of tree stock it is essential to forward plan to determine what tree stock will be needed to be assured of obtaining the right species, acceptable quality of stock and availability at the right time.

A "sustained amenity" approach which results in lanced diversity of tree ages and sizes across the municipality, should be followed to achieve long term stability of the tree population and landscape character.

The right mix of species and age diversity are vital components of a sustainable tree population. An accepted rule for achieving this is for a single genus to not make up any more than ten percent of the whole tree population. The age of trees should also be spread evenly across the municipality with variation between young and old trees to lessen the impact of, or need, to remove large areas of trees.

Priority for tree planting by the Council should be given to:

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- areas with a lack of trees.
- areas where residents or community groups have requested trees.
- high profile and high use areas.
- areas where there are high percentages of old aged trees, low species diversity and/or trees in poor condition; and
- sites where trees have been removed.

When selecting species for street and parkland tree planting the following factors must be considered:

- Preferred “Landscape Character”.
- Adopted masterplans, strategies, and development plans.
- The significance of previous history of tree planting.
- Drought tolerance/low water usage.
- Longevity.
- Growth habit, size and structural integrity.
- Tolerance to harsh urban environments.
- Soil type and structure.
- Root growth characteristics and tolerances.
- Pruning requirements.
- Amount and type of debris shed.
- Proximity and form of surrounding existing and future below ground and above ground infrastructure.
- Powerline assets
- Solar radiation/orientation.
- Pest and disease susceptibility.
- Existing and future use of the surrounding area;
- Habitat value.
- Suitability to a public environment i.e., allergens or pathogens
- Weed potential.
- Existing and likely future adjacent land use; and
- Future planning for expected climate change.

New tree planting should reinforce the existing character of municipal areas, consisting of “Exotic”; “Mixed (exotic and native)”; and “native (preferably indigenous)” type trees. Council must be consulted and give approval for any tree planting within streets and parklands it controls or will take control of as Council will ultimately become responsible for their maintenance and any problems that may arise. Refer AS 2303:2018 Tree Stock for Landscape Use

4.6 Tree Removal

Trees can take many years to develop fully and once removed cannot be quickly replaced. Urban trees are living organisms with a finite life span; they often grow in non-ideal environments; they can be subject to numerous forms of physical damage; and can become a potential risk. Removal of trees will therefore be a

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regular and necessary process of Council's tree management program. Tree removal decisions must be undertaken systematically and with due consideration of all factors.

Prior to tree removal in most instances an attempt will be made to inform adjacent residents of the removal works. Notification will generally be in the form of an informational letter, either physical or electronic, to the residence. Council officers will also 'door knock' prior to works starting where possible.

Exceptions to the notification process are when there is an immediate "High risk" to the public or property. In these cases, tree removal will occur as a priority to ensure public safety. Additionally, trees assessed by a qualified Arborists as being an immediate high risk to public safety are exempt from the requirement for a planning permit.

All State and local planning requirements controlling the removal of trees must be adhered to (see Clause 15.1 "Existing Tree Controls and Regulations").

Analysis of suitable street and parkland trees for Council and ongoing assessment of the health and structure of existing trees is undertaken to identify priorities for tree removal. Where possible Council tree removals should involve some form of consultation with directly affected parties unless there is an immediate risk to public safety. In these instances, all assessment documentation and photographs should be added in Confirm and forwarded to Council's Risk and Compliance department which will liaise with stakeholders in relation to any queries regarding the removal of the tree. When consultation is possible and practicable, written or verbal notification of Council's intention to remove the tree will be given to the residence directly adjacent to the tree. Any trees removed should be replaced, when possible, in order to maintain the sustainability of the overall tree asset. Any decision to remove a tree will be based on the best long-term outcome for the local community.

In the event of any unauthorised removal, damage, application of herbicide or any impact leading to the death or irreversible damage to public trees any costs incurred by Council for the removal, reinstatement and replanting including aftercare will be recouped from the responsible persons or corporate body. Any costs incurred by Council for removal and reinstatement resulting from unauthorised landscaping, planting or other unauthorised works in a Council Road reserve will be recouped from the responsible persons or corporate body.

4.7 Tree Selection and Planting

Street and parkland tree planting should be done in a programmed and sustainable manner. This is a sound approach both environmentally and economically. Due to lead times associated with the production of tree stock it is essential to forward plan to determine what tree stock will be needed to be assured of obtaining the right species, acceptable quality of stock and availability at the right time.

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- The significance of previous history of tree planting.
- Drought tolerance/low water usage.
- Longevity
- Growth habit, size, and structural integrity.
- Tolerance to harsh urban environments.
- Soil type and structure.
- Root growth characteristics and tolerances.
- Pruning requirements.
- Amount and type of debris shed.
- Proximity and form of surrounding existing and future below ground and above ground infrastructure.
- Powerline assets.
- Solar radiation/orientation.
- Pest and disease susceptibility.
- Existing and future use of the surrounding area.
- Habitat value.
- Suitability to a public environment i.e., allergens or pathogens
- Weed potential.
- Existing and likely future adjacent land use.
- Future planning for expected climate change.

New tree planting should reinforce the existing character of municipal areas, consisting of "Exotic"; "Mixed (exotic and native)"; and "native (preferably indigenous)" type trees. Council must be consulted and give approval for any tree planting within streets and parklands it controls or will take control of as Council will ultimately become responsible for their maintenance and any problems that may arise. Refer AS 2303:2018 Tree Stock for Landscape Use

4.8 Tree Protection

All work on and around trees must comply with:

- AS 4373-2007 Pruning of amenity trees; and

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- AS 4970-2009 Protection of trees on development sites

Trees and infrastructure are essential items in a modern environment. It is not possible to avoid all potential conflicts, however they can be minimised through innovative design and correct management of maintenance activities.

Trees may be subject to damage, above and below ground, from civil works. Where any civil works are proposed in the vicinity of trees, an assessment and works plan is essential to ensure tree damage is avoided or minimised.

Large tree specimens that may have local or cultural significance may require protection measures that are not general practice for most street and park trees. Protection measures for these trees may include fencing, mulching, greater clearances from adjoining works and structural assistance measures such as propping or cable bracing to protect from damage or disturbance.

Over the trafficable lane of a road reserve, Council has a legal obligation to provide adequate tree clearance for traffic but not for telecommunication cables. Clearance around telecommunications cables is the responsibility of the telecommunications provider. Works within the vicinity of a Council tree or trees that will become the responsibility of Council should comply with AS 4970-2009.

4.9 Infrastructure Protection

Infrastructure may be subject to damage/interference from adjacent trees. When any tree plantings are proposed in the vicinity of above and below ground infrastructure, careful consideration of species selection, soil type, planting technique, available root space and the appropriateness of root control measures are needed to ensure damage is avoided or minimised. In the vicinity will mean within the expected mature “drip-line” of a tree or at least a radius from the centre of the trunk equal to 12 times the mature trunk diameter, whichever is the greater.

Tree roots are not invasive by nature but do rely upon soil moisture for growth and survival. If sub-surface drainage pipes are seeping, damaged or leaking, tree roots in the vicinity may be encouraged to develop more prolifically. The responsibility for unblocking and repair of the private house drainage pipes remains with the property owner.

Tree roots can, on occasions cause damage to vehicle crossovers, fences and other private infrastructure. Upon being informed of such damage, Council shall inspect the tree and, if appropriate, undertake remediation works which may include arranging for a root prune and installation of a root barrier.

4.10 Electric Line Clearance

Energy Safe Victoria (ESV) is responsible authority for ensuring electrical safety of the power distribution system in Victoria. The Ararat Rural City Council has a statutory obligation under the Electricity Safety Act (1998) for maintaining clearance of public trees from overhead power lines within the “Declared Area” of the City.

Refer to the “Ararat Rural City Electric Line Clearance Management Plan” for details on how this is managed and “Declared Area” maps.

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Maintaining overhead electric line clearances for all trees outside of the 'Declared Area' is the responsibility of the local power distribution company which is Powercor. In some case private land owners are responsible for the clearance of trees from powerlines.

4.11 Tree Maintenance

Tree maintenance should be based on a risk priority basis. High priority maintenance works must take precedence over reactionary or lower priority requests. Due to the specialised nature of tree works, only experienced Council staff and or approved contractors are to undertake maintenance works on Council trees, Refer Australian Standard AS 4373-2007.

Formative tree works on young and developing trees has the potential to significantly reduce the future risks and costs associated with mature trees. Formative works on young street trees should aim to develop a straight single trunked tree that is clear of side branching up to approximately 2.5 meters from the base. Refer Australian Standard AS 4373-2007.

5 Engineering and Projects

5.1 Tree Intervention Definitions

The purpose of Tree intervention definitions is to describe the level of a defect which subsequently requires maintenance to rectify.

The following table outlines the response time to a tree defect dependant on the road hierarchy that the tree resides within. Roads with higher utility are graded with higher response objectives specific to items requiring maintenance. Intervention response times will be generated in relation to defects for heritage trees, park trees, street trees and native bushland for inclusion in this plan and within Confirm.

Intervention response times apply from the time of defect identification by council that exceeds the stated intervention level. Identification by Council may be through proactive inspection, reactive inspection following a customer request, or other responsive notification. Where an interim response has been made, the intervention response time shall apply from the time the interim response is completed.

Where multiple defects exceeding intervention levels are identified, intervention shall be prioritised in asset hierarchy order. Where resources are constrained (availability of funds, materials, specialist contractors or specialist equipment), the intervention response times may be extended subject to risks being managed through temporary treatment provisions.

The identification of a defect that exceeds the stated intervention level does not oblige Council to upgrade or maintain the asset to a standard higher than that which it was constructed.

Council endeavours to identify defects that exceed the stated intervention thresholds. Where intervention thresholds are exceeded, treatment will be undertaken in accordance with the timeframes identified and subject to available resources.

5.2 Renewal and Capital Works Planning

- Council tree assets approaching end-of-life or no longer meet community needs, will be considered for renewal.
- Risk Assessment based on priority of renewal factors by engineers.
- Decision matrix based on the priority of renewal factors with relevant scaling decided by the engineers.

6 Contracts and Procurement

6.1 Tender Process

The tender process for all asset management types will be in accordance with Council's Procurement Policy.
[Procurement Policy FINAL 30 May 2023.pdf](#)

6.2 Financial Tracking of Renewal Projects

Financial Tracking of contracts is undertaken through Council's financial system and associated tracking numbers.

6.3 Project Milestone Reporting

Project Milestone Reporting will be undertaken in compliance with funding milestone requirements and contract hold points and key performance indicators.

7 Finance and Valuations

This section references councils Valuations Policy – Major Asset Classes

7.1 Asset Valuation

Ararat Rural City Council has a responsibility to financially represent its network of tree assets to fair value. tree valuation is conducted by assigning unit rates to those classes on an annual basis based on real word values and multiplying the area of each individual tree structure to the assigned unit rate.

7.2 Asset Capitalisation

All assets captured and represented within the Asset Management System are capitalised assets within councils financial reporting.

7.3 Asset Written Down Value

The current written down value of the tree asset is defined as the current cost of replacement minus the amount the asset has already depreciated.

7.4 Recurrent and Non-Recurrent Assets

All tree assets are treated as recurrent and financially planned for as a renewal asset.

7.5 Asset Depreciation

Tree Asset Depreciation is the value (\$) of the already consumed portion of the tree asset. For example, if the tree asset is expected to last 30 years and it is currently 15 years old then it is determined that 50% of the asset is already depreciated. It is calculated in by taking the current unit rate of replacement and multiplying it against the unit rate of replacement connected to the asset and then against the percentage of the asset already consumed.

7.6 Representation of Asset Costings within Finance System

Trees renewal projects are tracked within the council finance system using 'tracking categories. Maintenance and general works expenses are tracked at a network layer within the finance system; however, individual works costs can also be reported through the Asset Management System (Confirm).

8 Customer Service

8.1 Complaints

Complaints will be logged via Council's customer request management system (CRMS).

8.2 Request for Service

Customer request for service will be logged via Council's customer request management system (CRMS). Examples of request for service specific to trees are:

- Overgrown trees
- Fallen limbs.

8.3 Feedback

General feedback is captured by customer service via email.

8.4 Customer Request Management System (CRMS)

Council's customer request system (CRMS) will be used to report and record customer/public requests related to Council assets, including trees. Customers can log a request online, or phone the request into customer service, who log the request on the customer's behalf. The request is then assessed by the responsible member of staff, and work scheduled accordingly. Once the request is complete, Council staff will notify the customer.

9 Risk/Occupational Health and Safety

9.1 Safety and Risk Management

All management and operational work related to asset management (including risk, incident reporting and safe work methods) will be undertaken in accordance with Council's OH&S Policy and associated procedures.

[OHS Policy FINAL 19 January 2021](#)

10 Governance/CEO's Office

10.1 Management of Plan

This plan will be adopted and managed on a formal four-year cycle of review.

This plan will be stored under councils Governance SharePoint policy manual, owned by the Office of the CEO and be subject to out of cycle review at the discretion of the CEO.

10.2 Audit

This plan will be available for all standard audit requirements.

11 Organisational Transformation

11.1 Asset Digital Monitoring

Taking a 'Smart Cities' approach Ararat Rural City Council looks to take advantage of technology that supports the use of Asset Monitoring in particular the ability to:

- Enhance the accuracy of estimated remaining useful life.
- Enhance the accuracy of current asset condition.
- Enhance the accuracy of measuring asset health.

It is Ararat Rural City Councils intent to trial and implement various technology related to monitoring of assets that may assist in process efficiencies in this space.

11.2 Asset Alerting Services

Taking a 'Smart Cities' approach Ararat Rural City Council looks to take advantage of technology that supports the use of automated alerting specific to council assets.

Current examples of this include alerting when a public bin along Barkly Street reaches a fullness threshold, or when certain storm water systems exceed volume and flow thresholds.

It is Ararat Rural City Councils intent to trial and implement various technology related to monitoring of assets that may assist in process efficiencies in this space.

11.3 Public Data Access

Road based bridge structures are publicly displayed through the public roads register.

Ararat Rural City Council is currently undertaking an assessment to establish additional data sets related to trees that may be considered for future public access including:

- Condition.
- Attribute.
- Defect.
- Maintenance.
- Financial.
- Spatial.
- Civil and Design.

11.4 Predictive Asset Management

The Rural Councils Transformation Program is a state government funded initiative that is funding the current development of Ararat Rural Councils predictive asset management platform. The platform is intended to have development completed in Q3 2023 ready for testing and organisational use in Q4 2023. The core functions of the predicative asset management platform are:

- Analytics at both a network and individual asset level to determine if useful life estimates are trending accurately to current useful life valuation predictions.

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Asset Management Plan

- Asset in the annual construction of asset financial valuations for calculated assets.
- Forward predict a rolling 10-year roads and bridge capital works program based on current degradation rates of council assets.
- Detailed reporting including spatial insights across asset classes.

11.5 Key Performance Indicator Platform

The management of all Council's assets will be measured and tracked via Council's service level key performance indicator system within PowerBI. This system will enable monthly tracking of data identified as critical to success related to the Assets service. This key performance indicator information is viewed and monitored by the CEO.

3.3 DRAINAGE ASSET MANAGEMENT PLAN

RESPONSIBLE OFFICER: CONTRACTS & PROCUREMENT LEAD
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11750

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Asset plans as referred to in the Local Government Act 2020, are community facing documents that show how Council assets will be managed and maintained, while meeting the community's needs and interests.

Assets managed by Local Government include an extensive network of local roads and other assets such as land, buildings, parks, and recreation facilities. Good asset management is critical to the asset intensive nature of Local Government, particularly for rural councils with higher operating costs of assets, it is important to consider the needs, demands and expectations of communities and to deliver services from infrastructure assets in a sustainable and affordable way.

DISCUSSION

The fundamental purpose of the Drainage Asset Management Plan is to improve Council's long term strategic management of its drainage assets. This plan communicates the actions required for the responsible management of assets and the associated services provided, compliance with regulatory requirements and funding needed to provide the required levels of service to the community.

The intent of the document is to outline the approach used by Ararat Rural City Council (Council) in managing its drainage network. This plan covers the entire lifecycle of managing the drainage network including but not limited to:

- Construction and Capital Works
- Maintenance
- Inspection and Health Assessment
- Asset Register and Data
- End of life/Renewal
- Valuation
- Incident Management
- Reporting

Council will execute the management of its drainage assets in alignment with the approach outlined in this plan.

The plan is structured into components representing operational areas of the council called 'services'. The responsibilities that exist within those services combine towards a whole of organisation approach to asset management.

Council service lines included in this plan are:

- Asset Management
- Depot Operations
- Finance
- Engineering
- Procurement

- Customer Services
- Governance
- Occupational Risk and Safety
- Organisational Transformation

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

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.

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.

Budget Implications

The costs associate with reviewing the Asset Management Plans are allocated in the current budget.

Policy/Relevant Law

- AS 4058 – 2007 Precast Concrete Pipes
- AS 3725 – 2007 Design for Installation of Buried Concrete Pipe
- AS 4130 Installation of polyethylene pipe for pressure applications
- AS 5065 Polyethylene and polypropylene pipes and fittings for drainage and sewerage applications
- AS 2032 Installation of PVC pipe system
- Infrastructure design manual
- Local Government Act 2020 & 1989
- Ararat Rural City Council Road Management Plan
- Ararat Rural City Council Plan 2021 – 2025
- Ararat Rural City Council Financial Plan 2021-2031
- Ararat Rural City Council Asset Plan 2021-2031
- Ararat Rural City Council Road Register

Sustainability Implications

The asset management plan is considered within the following future impacts in mind:

- Climate change
- Service delivery
- Demographic change
- Emerging technologies and practices
- Political environments
- Asset volume (including duplication, redundancy, and scarcity)
- Asset condition
- Financial capacity

Risk Assessment

The Drainage Asset Management Plan is one of the risk management measures in relation to the management of drainage assets. There is no significant risk in application of the plan. Council officers will ensure that the Plan is implemented across the organisation.

Innovation and Continuous Improvement

The introduction of strategic planning principles, and the integrated approach to planning, monitoring and performance reporting allows for continuous improvement and innovation opportunities to be utilised through the life cycle of Council's assets.

Stakeholder Collaboration and Community Engagement

The review of the Drainage Asset Management Plan has been carried out through internal consultation with relevant officers.

RECOMMENDATION

That:

- 1 Council adopts the Drainage Asset Management Plan; and
- 2 The Drainage Asset Management Plan be placed on Council's website.

**MOVED CR BURRIDGE
SECONDED CR R ARMSTRONG**

That:

- 1 Council adopts the Drainage Asset Management Plan; and
- 2 The Drainage Asset Management Plan be placed on Council's website.

CARRIED 4867/23

ATTACHMENTS

The Drainage Asset Management Plan is provided as Attachment 3.3.

Ararat Rural City Council

Drainage

Asset Management Plan

**Drainage
Asset Management Plan**

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**Drainage
Asset Management Plan**

1 Plan Intention and Structure

The intent of this document is to outline the approach used by Ararat Rural City Council in managing its drainage network. This plan covers the entire lifecycle of all elements of managing the drainage network including but not limited to:

- Construction and Capital Works.
- Maintenance.
- Inspection and Health Assessment.
- Asset Register and Data.
- End of life/Renewal.
- Valuation.
- Incident Management.
- Reporting.

Ararat Rural City Council will execute the management of its drainage network aligned with the approach outlined in this plan.

This plan is structured into components representing operational areas of the council called 'services'. The responsibilities that exist within those services combine towards a whole of organisation approach to asset management.

Council service lines included in this plan are:

- Asset Management
- Depot Operations
- Finance
- Engineering
- Procurement
- Customer Services
- Governance
- Occupational Risk and Safety
- Organisational Transformation

2 Introduction

2.1 Drainage Asset Class

Ararat Rural City Council maintains a vast network of under city drainage assets including pits, pipes, culverts, and channels. A predominant portion of these assets can be found within the townships and form the general Ararat Rural City Council stormwater and drainage network. Assets such as bluestone open channel drainage are easily recognisable within several of the municipality's townships as landmarks.

In general drainage assets are considered long life assets with stone-based channel assets in particular exceeding 100-year useful life estimates. A major challenge with the drainage network can be the assessment of condition and defect within difficult to access under city assets. Emerging technology established within the last 10 years using optics and other IoT technology provides opportunity to assess assets where human assessment is impractical.

2.2 Drainage Profile

The drainage network includes:

- Built underground drainage/storm water pits, pipes, conduits, and gross pollutant traps.
- Natural earth drainage systems, water catchment and retention zones
- Above ground assets including culverts, retention basins and discharge points.

2.3 Considerations and Influences

Key issues for current and future drainage management and planning are summarised below:

- New developments are adding pressure to the current drainage systems, many of which were built decades ago, and their condition and functionality is generally unknown across parts of the network. Drainage functionality may only become apparent during a flood event. Partnerships with the SES and other emergency services and utilisation of flood mapping will add value to drainage planning and investment modelling.
- Storm water management and maintenance programs need to be funded to appropriate levels given the criticality of this infrastructure and the impacts from its failure.
- A key gap in corporate knowledge and capacity to plan for and invest in effective drainage is impeded by a lack of condition assessments of the current network and the cost to undertake such assessments for this infrastructure class. Therefore, condition data is limited and a full condition assessment and camera visualisation of the drainage network should be developed and mapped on the confirm asset management system.
- Condition auditing will allow for improved proactive maintenance and monitoring of drainage systems, along with the mapping of known problem areas. This will assist with emergency event preparation and management.
- Community service level expectations, particularly for drainage and other asset service levels, can vary between rural and urban residents and longer term and new residents. New residents may have relocated from urban to rural localities where road, drainage and other services are

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not comparable to metro or more developed urban towns. Council has limited resources and funding capacity to provide a uniform drainage service level across the shire.

- Developing adaptation responses for assets and infrastructure to address forecast impacts from climate change will be necessary to build asset resilience. The resilience of our critical infrastructure is vital to the ongoing provision of services to customers.
- Internal and external development planners will need to consider water management options for new developments, and provide Council with digital as constructed drawings once works are completed. This should also include consultation with key referral authorities.

2.4 Key stakeholders

There are several stakeholders and communities involved in the planning, management, and investment in Ararat Rural City Council's drainage assets. These include:

- Councillors, Council officers and contractors
- Catchment management authorities and water authorities
- Emergency services and agencies
- Land holders and property owners
- Land use and development planners
- Community committees of management
- Other State Government departments and agencies
- Infrastructure developers including residential, commercial, and industrial.
- Residents and visitors
- Utility providers
- Insurers

3 Asset Management

The Asset Management service is responsible for the delivery of the following core items.

- Asset Management System.
- Asset Class Definition.
- Asset Data Structure and Schema.
- Intervention Definitions.
- Condition Definition and Inspection.
- Asset Attribute Data Collection and upkeep.
- General Asset Reporting.

3.1 Asset Management System

Ararat Rural City Council uses an Asset System called Confirm. Confirm has two modules that act as extensions to the Confirm software, Confirm Connect and Confirm WorkZone.

Confirm Connect is a mobility enabled software module that is built for the specific purpose of 'in the field' use. The software works on a tablet or phone and can work in both online (internet connected) and offline (blackspot or offline) modes. Primarily the software is used by operators to complete 'in the field' activities such as condition inspections, defect inspections or asset attribute data collection.

Confirm WorkZone is used as a management interface to schedule works. This allows for works in similar locations to be grouped, so works can be executed by a crew whilst in a specific region or zone.

3.2 Drainage Class Definition

Ararat Rural City Council's drainage network is broken down into four different classes. This breakdown serves as both a separator for type and a means to value the drainage network. The classes are Pits, Pipes, Culverts, and Channels.

3.3 Drainage Data Schema

The following structure outlines the mandatory and optional attribute data collected specific to the Ararat Rural City Council Drainage Network (Refer IPWEA Practice Note 5: Stormwater Drainage, Appendix 4 – Examples of Data Collection Sheets)

MANDATORY PIPE DATA

- Pipe Identification No
- Diameter/dimensions (for box culvert)
- Material (RCP, Corrugated Steel, Glazed Earthenware, Poly, AG Drain, Iron, Unknown, other, Etc.)
- Location (Street, Suburb)
- Upstream Pit ID
- Downstream Pit ID
- Invert levels
- Cleaning required.
- Inspection date / inspected by

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- Structural Condition

OPTIONAL PIPE DATA

- Location (Road Reserve, Property, Open Space, Easement, other?)
- Distance between pits
- Grade (1:100 etc.)
- Traffic management required for access?

MANDATORY PIT DATA

- Pit Identification No
- Pit Dimensions (size & depth)
- Material (Concrete, concrete precast, brick, plastic, Etc.)
- Location (Street, Suburb)
- Lid type (cast iron, concrete, fiberglass, grate, etc.)
- Invert levels
- Cleaning required.
- Inspection date / inspected by
- Structural Condition (cover, walls, connections)

OPTIONAL PIT DATA

- Location (Road Reserve, Property, Open Space, Easement, other?)
- Litter basket? (y/n)
- Heavy lid? (2 person required)
- Steps? (Single width, double width, ladder, toe holes, none?)
- Traffic management required for access?

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PIPE DATA CAPTURE

___/___/___

Staff Member:	<ul style="list-style-type: none"> • Staff 1 • Staff 2 • Staff 3 • Other 	Street:	
Pipe ID:		Location:	
Diameter:	_____mm Or (Box Culvert) _____mm x _____mm	Suburb:	
Material:	<ul style="list-style-type: none"> • Concrete (Unspecified) • UPVC • Corrugated Steel / Aluminum • Fibre Reinforced • Glazed Earthenware • Reinforced Concrete • Polyethylene • High Density Polyethylene • Medium Density Polyethylene • Iron • Vitreous Clay • AG Drain • Spiral Wound Steel / Aluminum • Unknown • Lining • Other _____ 	Upstream Pit ID:	
		D/Stream Pit ID:	
		Other	<ul style="list-style-type: none"> • Cleaning Required • Traffic Management
		Inverts	
		Upstream	_____mm
		Downstream	_____mm
		Comments	_____ _____ _____
Location:	<ul style="list-style-type: none"> • Road Reserve • Property • Open Space • Easement • Other 	Condition Ratings	
		Structural	(Best) 1 / 2 / 3 / 4 / 5 (Worst)
		Serviceability	(Best) 1 / 2 / 3 / 4 / 5 (Worst)

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PIT DATA CAPTURE

Staff Member:	<ul style="list-style-type: none"> • Staff 1 • Staff 2 • Staff 3 • Other 	Street:	
Pit Asset ID:		Location:	
Pit Type:	<ul style="list-style-type: none"> • Junction Pit • Side Entry Pit • Grated Pit • Gully Pit • Grated Side Entry Pit • Gross Pollutant Trap • End/ Head Wall • Pipe End (Outfall) • Unknown 	Suburb:	
Pit Material:	<ul style="list-style-type: none"> • Concrete (Pre-Cast) • Concrete (Cast Insitu) • Brick • Unknown 	Litter Basket	Yes / No
Lid Type:	<ul style="list-style-type: none"> • Cast Iron • Concrete Insert • Fibreglass • Gatic • Grate • Unknown 	Other	<ul style="list-style-type: none"> • Heavy Lid (2 Person Lift) • Easement Pit • Traffic Management • Requires Cleaning
Lid Shape:	<ul style="list-style-type: none"> • Rectangular • Circular • Other _____ 	Dimensions	
Steps:	<ul style="list-style-type: none"> • Single Width • Double Width • Ladder • Toe Holes • None 	Pit	_____ mm x _____ mm
Step Material	<ul style="list-style-type: none"> • Iron • Galvanized Iron • Stainless Steel • Plastic • Other 	Depth	_____ mm
		Lid	_____ mm x _____ mm
		Comments	<div>_____</div> <div>_____</div> <div>_____</div>
		Condition Ratings	
		Walls	(Best) 1/ 2/ 3/ 4/ 5 (Worst)
		Steps	(Best) 1/ 2/ 3/ 4/ 5 (Worst)
		Connections	(Best) 1/ 2/ 3/ 4/ 5 (Worst)
		Cover	(Best) 1/ 2/ 3/ 4/ 5 (Worst)

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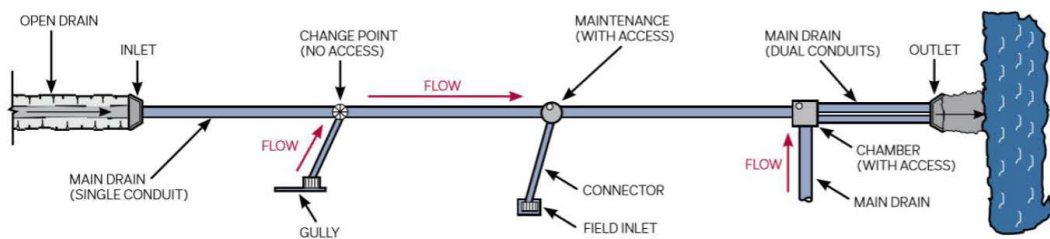
3.3.1 Spatial Data

The Ararat Rural City Council drainage network is captured spatially by position (latitude and longitude) and can be displayed on a mapping environment however the spatial representation of the bridge as a three-dimensional model (using LiDAR etc) is not available at this time.

3.4 Condition Inspection

Condition inspections occur via one of the following methods.

- Level 1 Inspection by Asset Officer or Authorised Maintenance Staff
- Level 2 Inspection by Asset Officer or Engineer
- Level 3 Drainage System Investigation/Study undertaken by Specialist engineer/consultant.



BCC 2010, "Stormwater Assets Pipe Survey – CCTV -Specification & Guide", Brisbane City Council 2010
– (from PN 05, 1.0 Scope of These Guidelines)

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3.5 Condition Definition

Condition Rules (0-5 overall general condition values with definitions) (IPWEA Practice Note 5: Stormwater Drainage, 9.2 – Rating System for SWD Condition Assessment)

CONDITION GRADING TABLE FOR SWD ASSETS (Structure and Serviceability)				
Grade	Condition	Description	Response	Residual Life (i.e. Estimated % Asset Design Life Remaining)
0	Not Rated	Asset has been properly decommissioned, no longer exists (or should be removed from inaccurate plans), has not been condition rated (or assigned an extrapolated condition), or is unable to be rated due to serviceability issues.	Response will vary subject to circumstances. E.G. An abandoned asset may experience infiltration, voids, collapse etc, and pose a real danger that should be both monitored and managed.	NA
1	Very Good	Structural: Sound physical condition. Insignificant deterioration. Asset likely to perform adequately without major work for 25 years or more. Serviceability: No or insignificant loss of hydraulic capacity.	No immediate action required. Maintain standard programmed condition assessment.	60% to 100%
2	Good	Structural: Acceptable physical condition; minor deterioration / minor defects evident. Serviceability: Minor loss of hydraulic performance. Negligible short-term failure risk but potential for deterioration in long-term (20 years plus). Only minor work required (if any).	No immediate action required other than possible cleaning. Maintain standard programmed condition assessment.	35% to 60%
3	Fair	Structural: Moderate to significant deterioration evident; Minor components or isolated sections of the asset need replacement or repair now but not affecting short term structural integrity. Serviceability: Moderate loss of hydraulic performance but asset still functions safely at adequate level of service. Failure unlikely within next 10 years but further deterioration likely and major replacement likely within next 10 to 20 years. Work required but asset is still serviceable.	Take action as appropriate to address defects and if necessary, cleaning, silt removal, root cutting. Monitor with programmed condition assessment for rehabilitation and / or renewal in medium term.	20% to 35%
4	Poor	Structural: Serious deterioration and significant defects evident affecting structural integrity. Serviceability: Significant loss of hydraulic performance. Substantial work required in short-term to keep asset serviceable. Failure likely in short to medium term. Likely need to replace most or all of asset within 10 years. No immediate risk to health or safety but works required within 10 years to ensure asset remains safe.	Take immediate action as appropriate to address the defects. Immediately undertake risk assessment and further investigate options. Schedule appropriate action – rehabilitation or renewal in short term.	10% to 20%
5	Very Poor	Structural: Failed or failure imminent. Immediate need to replace most or all of asset. Serviceability: Health and safety hazards exist which present a possible risk to public safety, or asset cannot be serviced / operated without risk to personnel. Major work or replacement required urgently.	Take immediate action as appropriate to address the defects. Immediately undertake risk assessment and further investigate options. Schedule appropriate action – immediate rehabilitation or renewal.	0 to 10%

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Condition State	Subjective Rating	Description	Action
0	Not Rated		N/A
1	Good ('as new')	Free of defects with little or no deterioration evident	No action required in foreseeable future
2	Fair	Free of defects affecting structural performance, integrity, and durability Deterioration of a minor nature in the protective coating and/or parent material is evident	No action required until at least next programmed inspection
3	Poor	Defects affecting the durability/serviceability which may require monitoring and/or remedial action or inspection by a structural engineer Component or element shows marked and advancing deterioration including loss of protective coating and minor loss of section from the parent material is evident Intervention is normally required	Action required prior to next programmed inspection
4	Very Poor	Defects affecting the performance and structural integrity which require immediate intervention including an inspection by a structural engineer, if principal components are affected Component or element shows advanced deterioration, loss of section from the parent material, signs of overstressing or evidence that it is acting differently to its intended design mode or function	Action required as soon as possible.
5	Unsafe	This state is only intended to apply to the overall structure rating Structural integrity is severely compromised, and the structure must be taken out of service until a structural engineer has inspected the structure and recommended the required remedial action	Action required before bridge can be returned to service

3.5.1 Condition Inspection Routine

INSPECTION DESCRIPTION	RATE
Pits and Stormwater Drains	Annually

3.6 Attribute Collection

Asset staff will utilise Confirm Connect to check current asset attribute data and update as necessary whilst in the field assessing/visiting an asset (i.e., for a condition inspection) New assets will be recorded in confirm based on design specifications and then checked and updated in the field. Asset Attribute data collection will be in line with mandatory data collection requirements.

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3.7 General Asset Reporting

Asset staff are required to provide annual asset reporting for valuations and grant application requirements. These specific reports include but are not limited to:

- Drainage asset listing including attributes.
- Drainage spatial mapping.
- Drainage condition report by class.
- Drainage maintenance report.

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4 Depot Operations

The core responsibilities of council's depot operations with relation to drainage is the identification of drainage defects and the rectification of those defects through routine and responsive maintenance. Defects are identified through an annual inspection process and via the customer request system and assessed against intervention definitions.

4.1 Defect Definition

The following table is used to identify if any defect exists when undertaking a drainage defect inspection.

Should a defect be identified it is logged as a defect within Confirm Connect which will trigger the creation of the job for works to be undertaken to rectify the defect identified.

Pipelines

- Structural Defects
 - Cracking
 - Fracturing
 - Displaced joint.
 - Deformation
 - Surface damage
 - Erosion of the invert
 - Protective lining failure
 - Breaking
 - Collapse
- Serviceability and other Defects
 - Siltation or Debris
 - Corrosion due to acid-sulphate attack
 - Defects in lining where applicable
 - Obstruction
 - Root intrusion
 - Infiltration/Exfiltration
 - Defective connections/Junctions
 - Vermin
 - Aesthetics – graffiti etc

Access Chambers

- Cracking or fracturing
- Surface damage including the benching of the inverts.
- Corrosion due to acid-sulphate attack
- Breaking or deformation
- Siltation or debris
- Vermin

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- Opening or lid defects
- Step iron defects (where applicable)

Inlets and outlet structures (Gully Pits, Field Inlets)

- Cracking or fracturing
- Surface damage
- Breaking or deformation
- Siltation or debris
- Vermin
- Backstone and lid defects
- Inlet and outlet grate defects including corrosion, blockage, deformation.

Open Lined Channels

- Cracking of lining or collapse
- Joints – Deformation, opening, displacement.
- Sediment
- Vegetation
- Safety Fencing
- Aesthetics – graffiti
- Inlet/Outlet structure damage

4.2 Defect Inspection Routine

The following table outlines the defect inspection timeframe intervals. Based on criticality rating, determined using process as per IPWEA PN 05 – 7.0 Risk and Criticality

Likelihood of Failure Rating Table (Coarse Condition Rating) – Indicative Only		
Description	CCR	Suggested Inspection Frequency
Assets greater than 70 years old or Assets > 50years in saltwater environment or Steel or aluminium pipe/arches or Plastic or other material relined pipes or Assets in highly reactive soil condition or acid sulfate soils Assets that may have been subject to faulty construction practices such as cracking from improper compaction	5	1 - 5 years
Assets > 50 years old or Assets > 40 years old in saltwater environment or AC or earthenware materials	4	5 - 10 Years
Assets 30-50 years old or Assets in close proximity to major trees	3	10 - 15 Years
Assets 10-30 years old	2	15 - 20 Years
Assets < 10 years old	1	As need arises

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Criticality Rating Table and Suggested Inspection Frequency – Indicative Only		
Description	CR	Suggested Insp. Freq.
<p>These are SWD Systems where failure is the most disruptive and expensive to the community. They should be subject to more frequent and rigorous inspection to enable the organisation to proactively plan any identified maintenance or remedial activities. The following are examples of such criticality:</p> <ul style="list-style-type: none"> • SWD systems under major buildings or major structures • SWD systems serving a CBD precinct • SWD Systems providing drainage to major transport corridors • SWD systems comprising pipes of > 1200mm diameter and > 4.5m depth 	5	1 - 5 years
<p>These are SWD Systems where failure is likely to be less disruptive but still of significance to the affected community. They require less frequent inspection which again should drive proactive maintenance and remedial action. The following are examples of such:</p> <ul style="list-style-type: none"> • SWD systems located under buildings or structures • SWD Systems providing drainage to built-up commercial or industrial precincts • SWD Systems providing drainage to sub-arterial transport corridors • Remaining SWD systems comprising pipes of > 900mm diameter, all depths • SWD systems comprising pipes of 600mm to 900mm diameter and > 4.5m depth 	4	5 - 10 Years
<p>These are SWD Systems where failure is likely to be moderately disruptive to the affected community. They require even less frequent inspection however such should still drive proactive maintenance and remedial action. The following are examples of such criticality:</p> <ul style="list-style-type: none"> • SWD systems providing drainage to moderate density urban development • SWD Systems providing drainage to collector/distributor road transport networks • Remaining SWD systems with depth > 3 metres 	3	10 - 15 Years
<p>These are SWD Systems where failure is likely to be of low significance in terms of disruption to the affected community. They require even less frequent inspection however such should still drive proactive maintenance and remedial action. The following are examples of such criticality:</p> <ul style="list-style-type: none"> • SWD systems providing drainage to low density urban development • SWD Systems providing drainage to local road transport networks • Remaining SWD systems with depth < 3 metres 	2	15 - 20 Years
<p>These are SWD Systems where failure is likely to be of very low significance in terms of disruption to the affected community. They require infrequent inspection, triggered by complaint or evidence of a problem. The following are examples of such criticality:</p> <ul style="list-style-type: none"> • SWD systems providing drainage to parks and open space where overland flow escape paths exist that significantly reduce any hazard to property or community users 	1	As needs basis

- Preventative maintenance includes proactive maintenance and planned maintenance. Simple maintenance tasks
- Reactive maintenance includes corrective maintenance and unplanned maintenance. This will extend the life of asset instead of further deterioration.

4.3 Drainage Maintenance

Drainage Maintenance is triggered via response to a compliant, enquiry or event (reactive maintenance) or is routine in nature, based schedule of maintenance events.

Drainage inspections are aligned with Road Management Plan schedule.

4.3.1 Routine Maintenance

Routine maintenance is scheduled maintenance applied to a drainage outside of reactive maintenance, where a drainage maintenance team will visit a drain onsite and complete any maintenance works required on the drainage where any defects exist outside of intervention levels.

4.3.2 Reactive Maintenance

Reactive drainage maintenance is undertaken by the depot operations team. It is packaged via a works coordinator who distributes jobs using Confirm for execution by crews in Confirm Connect based on identified defects through the inspection process.

5 Engineering and Projects

5.1 Drainage Intervention Definitions

The purpose of drainage intervention definitions is to describe the level of a defect which subsequently requires maintenance to rectify.

The following table outlines the response time to a drainage defect dependant on the road hierarchy that the drain resides within. Roads with higher utility are graded with higher response objectives specific to items requiring maintenance, refer to Item 4.2.

Intervention response times apply from the time of defect identification by council that exceeds the stated intervention level. Identification by Council may be through proactive inspection, reactive inspection following a customer request, or other responsive notification. Where an interim response has been made, the intervention response time shall apply from the time the interim response is completed.

Where multiple defects exceeding intervention levels are identified, intervention shall be prioritised in asset hierarchy order. Where resources are constrained (availability of funds, materials, specialist contractors or specialist equipment), the intervention response times may be extended subject to risks being managed through temporary treatment provisions.

For dwelling and property access roads that are of natural surface or without formation, the intervention standard for natural surface road or track shall apply regardless of the road's hierarchy.

The identification of a defect that exceeds the stated intervention level does not oblige Council to upgrade or maintain the asset to a standard higher than that which it was constructed.

Refer to [Road Structures Inspection Manual 2022 \[PDF 17.9 Mb\]](#) Part 4 Condition State Guidelines and Photographs.

Council endeavours to identify defects that exceed the stated intervention thresholds. Where intervention thresholds are exceeded, treatment will be undertaken in accordance with the timeframes identified and subject to available resources.

5.2 Renewal and Capital Works Planning

- Council drainage assets approaching end-of-life or no longer meet community needs, will be considered for renewal.
- Priority of renewal will be determined based on the following factors:
 - Average traffic volume
 - Significance of the asset to the surrounding road network (are there nearby alternative routes?)
 - Significance of asset for agricultural and other key industries
 - Serviceability of the existing structure
 - Date from which the asset has been identified as eligible for renewal.

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- Renewal of drainage assets will consider foreseeable road network growth, and potential expansions of asset use in the future. XXXXX will be designed to meet all current standards and industry best practice documents, including:
 - AS 4058 – 2007 Precast Concrete Pipes
 - AS 3725 – 2007 Design for Installation of Buried Concrete Pipe
 - AS 4130 Installation of polyethylene pipe for pressure applications
 - AS 5065 Polyethylene and polypropylene pipes and fittings for drainage and sewerage applications
 - AS 2032 Installation of PVC pipe system
 - Infrastructure design manual
- Risk Assessment based on priority of renewal factors by engineers.
- Decision matrix based on the priority of renewal factors with relevant scaling decided by the engineers.

5.3 Renewal Project Management

Drainage renewals will be undertaken as individual projects. Ararat Rural City Council Engineering staff will be responsible for overseeing successful project completion, in accordance with industry best practice standards for project management, and this document.

Key stages of the project are:

- Monitor drainage regularly up to engineers' specification.
- Survey of the drainage.
- As constructed documentation.

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6 Contracts and Procurement

6.1 Tender Process

The tender process for all asset management types will be in accordance with Council's Procurement Policy. [Procurement Policy FINAL 30 May 2023.pdf](#)

6.2 Financial Tracking of Renewal Projects

Financial Tracking of contracts is undertaken through Council's financial system and associated tracking numbers.

6.3 Project Milestone Reporting

Project Milestone Reporting will be undertaken in compliance with funding milestone requirements and contract hold points and key performance indicators.

7 Finance and Valuations

This section references councils Valuations Policy – Major Asset Classes

7.1 Asset Valuation

Ararat Rural City Council has a responsibility to financially represent its network of drainage assets to fair value. Drainage valuation is conducted by assigning unit rates to those classes on an annual basis based on real world values and multiplying the area of each individual drainage structure to the assigned unit rate.

7.2 Asset Capitalisation

All assets captured and represented within the Asset Management System are capitalised assets within councils financial reporting.

7.3 Asset Written Down Value

The current written down value of the drainage asset is defined as the current cost of replacement minus the amount the asset has already depreciated.

7.4 Recurrent and Non-Recurrent Assets

All drainage assets are treated as recurrent and financially planned for as a renewal asset.

7.5 Asset Depreciation

Drainage Asset Depreciation is the value (\$) of the already consumed portion of the drainage asset. For example, if the drainage asset is expected to last 50 years and it is currently 25 years old then it is determined that 50% of the asset is already depreciated. It is calculated in by taking the current unit rate of replacement and multiplying it against the unit rate of replacement connected to the asset and then against the percentage of the asset already consumed.

7.6 Representation of Asset Costings within Finance System

Drainage renewal projects are tracked within the council finance system using 'tracking categories. Maintenance and general works expenses are tracked at a network layer within the finance system; however, individual works costs can also be reported through the Asset Management System (Confirm).

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8 Customer Service

8.1 Complaints

Complaints will be logged via Council's customer request management system (CRMS).

8.2 Request for Service

Customer request for service will be logged via Council's customer request management system (CRMS). Examples of request for service specific to drainage are:

- Blocked drains
- Overgrown surrounds
- Damaged pits
- Damaged pipes

8.3 Feedback

General feedback is captured by customer service via email.

8.4 Customer Request Management System (CRMS)

Council's customer request system (CRMS) will be used to report and record customer/public requests related to Council assets, including drainage. Customers can log a request online, or phone the request into customer service, who log the request on the customer's behalf. The request is then assessed by the responsible member of staff, and work scheduled accordingly. Once the request is complete, Council staff will notify the customer.

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9 Risk/Occupational Health and Safety

9.1 Safety and Risk Management

All management and operational work related to asset management (including risk, incident reporting and safe work methods) will be undertaken in accordance with Council's OH&S Policy and associated procedures. [OHS Policy FINAL 19 January 2021](#)

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10 Governance/CEO's Office

10.1 Management of Plan

This plan will be adopted and managed on a formal four-year cycle of review.

This plan will be stored under councils Governance SharePoint policy manual, owned by the Office of the CEO and be subject to out of cycle review at the discretion of the CEO.

10.2 Audit

This plan will be available for all standard audit requirements.

11 Organisational Transformation

11.1 Asset Digital Monitoring

Taking a 'Smart Cities' approach Ararat Rural City Council looks to take advantage of technology that supports the use of Asset Monitoring in particular the ability to:

- Enhance the accuracy of estimated remaining useful life.
- Enhance the accuracy of current asset condition.
- Enhance the accuracy of measuring asset health.

It is Ararat Rural City Councils intent to trial and implement storm water sensor technology on problem drains within the municipality, to support our responsiveness in this space.

11.2 Asset Alerting Services

Taking a 'Smart Cities' approach Ararat Rural City Council looks to take advantage of technology that supports the use of automated alerting specific to council assets.

Current examples of this include alerting when a public bin along Barkly Street reaches a fullness threshold, or when certain storm water systems exceed volume and flow thresholds.

It is Ararat Rural City Councils intent to trial and implement this technology where possible.

11.3 Public Data Access

Ararat Rural City Council is currently undertaking an assessment to establish additional data sets related to drainage that may be considered for future public access including:

- Condition.
- Attribute.
- Defect.
- Maintenance.
- Financial.
- Spatial.
- Civil and Design.

11.4 Predictive Asset Management

The Rural Councils Transformation Program is a state government funded initiative that is funding the current development of Ararat Rural Councils predictive asset management platform. The platform is intended to have development completed in Q3 2023 ready for testing and organisational use in Q4 2023. The core functions of the predictive asset management platform are:

- Analytics at both a network and individual asset level to determine if useful life estimates are trending accurately to current useful life valuation predictions.
- Asset in the annual construction of asset financial valuations for calculated assets.

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- Forward predict a rolling 10-year roads and bridge capital works program based on current degradation rates of council assets.
- Detailed reporting including spatial insights across asset classes.

11.5 Key Performance Indicator Platform

The management of all Council's assets will be measured and tracked via Council's service level key performance indicator system within PowerBI. This system will enable monthly tracking of data identified as critical to success related to the Assets service. This key performance indicator information is viewed and monitored by the CEO.

3.4 REFRAMING THE PLANNING SCHEME

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11744

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

At the July 2023 Council meeting Council resolved to exclude land rezoning from *Reframing the Planning Scheme* project outcomes and for the CEO to provide a revised project plan to complete the project to the September 2023 Council Meeting.

This report provides a simplified project plan aimed at restarting the work of *the Reframing the Planning Scheme* project, including a revised budget and details of the engagement process.

The exclusion of rezoning as an element of the plan has led to a substantial simplification of the process focussing on undertaking:

- key studies in environment, bushfire, and flooding
- a complete planning study for the implementation of the Aradale Development Strategy
- development of Council policies in relation to agricultural land, settlement and housing, and economic development / innovation
- an assessment of trunk infrastructure requirements to support future growth and development of the municipality

The aim of this process is to provide a planning environment in the Ararat Rural City that provides a higher degree of certainty over permitted land use, identifies future need and demand, and makes provision for it, and ensures a planning mechanism that ensures issues related to the environment and climate adaption are appropriately managed.

DISCUSSION

In July 2022 Council adopted a project entitled *Reframing the Planning Scheme* with an aim to undertake a complete revision of the current planning scheme to provide land use certainty, rezoning of land to ensure sustainable growth of the municipality and incorporate the recommendations of a Planning Scheme Review adopted by Council in April 2022.

The project has been delayed for a range of reasons, the most critical of these is the potential economic impact of Windfall Gains Tax on property owners, for whom land rezoning will result in an economic uplift in land value. As a result, Council resolved at its July 2023 Meeting to exclude rezoning from the Reframing the Planning Scheme project and move forward with a somewhat reduced scope. The elements of the revised project are outlined below.

Key Studies

The revised project will consist of three key studies aimed at increasing strategic understandings of land use across the municipality. These studies each reflect a significant environmental impact. The key studies are as follows:

- **Environmental study:** This study is currently being undertaken by a team led by Professor Peter Gell with an aim to map all significant biodiversity across the municipality and then undertake a sense checking exercise against existing environmental overlays. This will serve to update

environmental data and establish appropriate environmental overlays that more accurately locate and identify areas of significant biodiversity. It is anticipated that this study will be completed by 31 December 2023. The cost of this element has been \$150,000 budgeted in 2022/2023. An additional \$30,000 may be required to manage possible planning scheme changes to environmental overlays.

- **Flood study:** A major flood study was undertaken in 2017 with an aim to run a planning scheme amendment to incorporate the findings into the planning scheme. The process of undertaking the planning scheme amendment is currently underway with the Department of Transport and Planning (DTP) and relevant Catchment Management Authorities. DTP will provide up to \$50,000 to assist in completing the process. It is anticipated that this element of the study will be completed in Quarter 2 of 2024 (study completion by Quarter 4 2024). Council funding required to complete the amendment is of the order of \$20,000.
- **Bushfire Study:** This study will provide for a review of existing Bushfire Management Overlays (BMOs) within the current planning scheme and look to establish an updated and current understanding the impact of bushfire risk on land use. This study will be undertaken by an external expert and a budget will be set at \$50,000 to undertake the work. It will be completed by 31 March 2024

Council planning policies

There is a need to develop a number of Council planning policies to provide clarity around significant factors influencing growth and development of the municipality. While they will not directly form part of the planning scheme, they will provide clear statements of policy to guide Council decision making, Council officers working under delegation, landowners and developers, and the broader community.

The policies will be developed jointly by Council officers and external expert in conjunction with Council and following substantial community engagement. It is proposed that each policy will be completed in draft form for community engagement by 30 June 2023.

The following policies will be developed under this model:

- **Agricultural Land Use:** a policy will be developed that provides very clear approaches to development of agricultural land, makes provision for a range of new and emerging agricultural uses, and supports retention of high value agricultural land for agricultural use. It is proposed that the policy be supported by external experts with a budget of \$40,000.
- **Settlement and housing:** It is proposed that a settlement and housing policy be developed to ensure that Council has in place a clear strategic approach to provision of housing to support growth and development across the municipality. This policy will support the drivers of population growth established in the ARCC Council Plan 2021-2025. It will provide a basis for establishing medium- and long-term residential land demand. This policy represents a substantial piece of work that will require external resources to a budget of \$50,000.
- **Economic Development / Innovation:** This policy will provide a basis for economic development and innovation in the municipality. It will largely be developed in house with a small amount of external assistance, which will be budgeted at \$20,000.

Council is currently working with a group of scientific and community representatives to develop a ten-year environment strategy for the municipality. It is anticipated that this will be completed by 31 March 2024 and will significantly inform the planning policy space.

Trunk Infrastructure Assessment

A significant assessment of medium- to long term truck infrastructure needs will be undertaken to ensure future growth and development is adequately supported. Council will work with key regional partners such as GWM Water, Powercorp, the DTP to develop a strategic model for provision of roads, water, wastewater, electricity, and gas. This work will largely be undertaken in house by Council officers with assistance from key infrastructure partners. Use of external experts will be budgeted at \$25,000. It is anticipated that the assessment will be completed by 30 June 2024.

Implementation of the Aradale Development Strategy

Council has commenced working with a range of key partners including Department of Environment, Energy and Climate Action (DEECA), Regional Development Victoria (RDV), Department of Education and Training (DET), Robert Luxmore Project Management and Tract Consulting to bring together a plan to prepare the Aradale site for conservation and development. The project will work to engage the Eastern Maar Aboriginal Corporation as key project partners.

The Aradale Development Strategy: Concept Master Plan and Feasibility Report was completed in 2022 and identifies a significant amount of planning work required to cultural heritage, heritage conservation and development opportunities are managed on the site. It is proposed that an application for the Commonwealth Government's Regional Precincts and Partnerships Program in prepared to fund the complete planning process.

Council has existing funding allocated to the Aradale project in the 2023/2024 Budget which may be required to support lobbying to secure the funding. The timeframes for the Aradale project are likely to place its completion beyond the scope of the *Reframing the Planning Scheme* project. Given the importance of the Aradale site it is important to include it withing the project framework.

Project outcomes

The *Reframing the Planning Scheme* project will yield a series of key studies and policies, some of which will form amendments to the existing planning scheme and others will represent key policy to inform Council direction and decision making. These elements will provide an important strategic framework to support better strategic planning outcomes and effectively manage the often-competing interests of growth and development. The project will provide a strong basis for the community to engage in guiding strategic land use planning.

Unfortunately, the project will not achieve the original aim of providing a new planning scheme for the municipality. AS described in detail in the report to the July 2023 Council Meeting, the unintended impacts of the Windfall Gains Tax, make rezoning of land undesirable due to impacts on existing landowners. It has been decided to propose to Council a model which does not stop just short of rezoning and identify land for future rezoning as it may lead to speculative investment which may also have consequential negative impacts on adjoining landowners. Amendments to the current planning scheme and adoption of significant policies will provide greater clarity over land use and guide future Council's around rezoning decisions.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The review and reframing of the Planning Scheme advances the following objectives and strategies:

- 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.
- 1.1 Develop a new planning scheme for Ararat Rural City that is clear in its intention, supports growth and builds confidence and certainty around land use.
- 1.2 Work directly with asset users to manage and develop new and existing assets.
- 2 **Building Robust Local Economies**
We will develop strong relationships to build and strengthen a diverse local economy, focused 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.
- 4.3 Deliver infrastructure outcomes that support economic growth, promote community wellbeing and safety, and align with Council's financial sustainability.

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.

6.3 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.

Budget Implications

The original budget for the *Reframing the Planning Scheme* project was \$700,000 over the 2021/2022 and 2022/ 2023 Budgets. OF this approximately \$150,000 has been expended on the environmental study. The additional budget required to complete the studies and policy work is \$235,000. The community engagement process will require a budget of \$25,000. The revised total budget for the project is \$410,000, yielding a saving of \$290,000 on the initial budget. The \$235,000 for studies and policy develop and \$25,000 for engagement will be funded from Council reserve.

Policy/Relevant Law

The *Planning & Environment Act* sets out objectives in Section 4. The proposed approach supports the objectives to:

- *provide for the fair, orderly, economic, and sustainable use, and development of land.*
- *secure a pleasant, efficient, and safe working, living and recreational environment for all Victorians and visitors to Victoria; and*
- *balance the present and future interests of all Victorians by facilitating the renewal of surplus government land.*

Sustainability Implications

The review has highlighted that financial, social, and environmental sustainability are not adequately managed through the current planning process. The development and implementation of the *Reframing the Planning Scheme* project act to overcome these challenges.

Risk Assessment

As outlined above, the planning scheme review has identified a range of thematic, as well as individual risks, in the designation of zones, overlays and other policy controls. The proposed approach seeks to work from current data and include a cross section of the community in the process for developing the new scheme to ensure it reflects more than the voices of technical staff and state agencies that do not have a direct interest in the outcome.

Innovation and Continuous Improvement

Amending the planning scheme is a process of continuous improvement to build and shape controls on individual sites and areas and reflect changing community values as well as fortunes. The review of the scheme has highlighted extensive changes in the last five years by both the Council and the state across a broad range of areas.

Stakeholder Collaboration and Community Engagement

It is proposed that a Project Advisory Committee be established to advise on roll out of the project. IT will meet quarterly and comprise the following membership:

- ARCC CEO (Chair)
- ARCC Manager Planning and Development
- 1 representative of the Barengi Gadgin Land Council Aboriginal Corporation (BGLCAC) – nominated by BGLCAC
- 1 representative of the Eastern Maar Aboriginal Corporation (EMAC) – nominated by EMAC
- 4 Community representatives – selected through and expression of interest process
- 1 DTP representative – nominated by DTP

A series of community focus groups will be established through an expression of interest process to represent geographic community interests and industry interests during the engagement and implementation phase. Engagement will also take place through Engage Ararat.

RECOMMENDATION

That:

- 1 Council endorses the revised project plan for the *Reframing the Planning Scheme* project including:
 - key studies in environment, bushfire, and flooding
 - a complete planning study for the implementation of the Aradale Development Strategy
 - development of Council policies in relation to agricultural land, settlement and housing, and economic development/innovation
 - an assessment of trunk infrastructure requirements to support future growth and development of the municipality; and
- 2 Council endorses the revised budget for completion of the project as \$235,000 for studies and policy develop and \$25,000 for engagement and that this will be funded from Council reserve.

MOVED CR ALLGOOD SECONDED CR BEALES

That:

- 1 Council endorses the revised project plan for the *Reframing the Planning Scheme* project including:
 - key studies in environment, bushfire, and flooding
 - a complete planning study for the implementation of the Aradale Development Strategy
 - development of Council policies in relation to agricultural land, settlement and housing, and economic development/innovation
 - an assessment of trunk infrastructure requirements to support future growth and development of the municipality; and
- 2 Council endorses the revised budget for completion of the project as \$235,000 for studies and policy develop and \$25,000 for engagement and that this will be funded from Council reserve.

CARRIED 4868/23

ATTACHMENTS

The Reframing the Planning Scheme project timeframe is provided as Attachment 3.4.

Reframing the Planning Scheme project: Timeframes and budget

Activity	New Budget			2023		2024			
	Council	Other		Q4		Q1	Q2	Q3	Q4
Environment Study	30,000								
Flood Study	20,000	50,000							
Bushfire Study	50,000								
Agricultural Land Use Policy	40,000								
Settlement and Housing Policy	50,000								
Economic Development Innovation	20,000								
Trunk Infrastructure Assessment	25,000								
Aradale Development Strategy*	100,000	>1,000,000							
Total included budget	235,000	50,000							

*Not included in project budget



3.5 RATES ARREARS

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11743

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Recent work undertaken by Council officers has identified that there is \$2,456,653 of rates in arrears owed by 496 ratepayers. Of this amount 50 individual ratepayers account for 44% of the total.

It is proposed that Council begin to take action to resolve the issue of rates in arrears by commencing with the following steps:

1. The CEO write to the top 50 ratepayers in arrears requesting that they take steps to meet their rating obligations
2. Issue media releases identifying the issue and indicating Council's willingness to work with individual ratepayer to manage individual rates issues
3. Instituting quarterly reporting on rates arrears in the Council Meeting agenda commencing in 2024
4. Including measures relating to rates arrears in the CEO and Councillor data dashboards

DISCUSSION

Council officers have recently undertaken a review of rates arrears and yielded an interesting outcome. Ararat Rural City Council ratepayers owe a total of \$2,456,653 in rates arrears. The rates arrears are owed by a total of 496 ratepayers. The table below provides a breakdown based on rating sector. It is important to understand that this is not rates in arrears from the 2022/2023 financial year alone, rather a cumulative impact over several years.

Rate category	No.	Arrears (\$)
General	434	2,079,116
Commercial	21	100,809
Industrial	6	37,457
Farm	34	238,124
TOTAL	496	2,456,653

The table below provides a breakdown of rates arrears by rating sector:

Rate category	No. arrears	Total properties	% in arrears	Average arrears (\$)
General	434	5231	8%	4,790
Commercial	21	327	6%	4,800
Industrial	6	100	6%	6,242
Farm	34	1569	2%	7,003
TOTAL	496	7227	7%	4,952

It is very important to note that there is not an even distribution of rates in arrears among ratepayers. The table below shows that the 25 individual ratepayers who owe the most in arrears account for almost a quarter of all rates in arrears. The ratepayer owing the most in arrears currently owes \$73,570.

Top n ratepayers in arrears	Total arrears (\$)	% of total arrears	Average for each ratepayer (\$)
25	589,224	24%	23,569
50	1,084,186	44%	21,684
75	1,333,787	54%	17,784
100	1,592,097	65%	15,921
200	2,078,048	85%	10,390

At the other end of the scale, it is important to note that the remaining 296 ratepayers with rates in arrears account for 15% of total arrears at an average of \$1,279 per ratepayer. It is reasonable to assume that many of these ratepayers have experienced some form of financial hardship over the past year or so which has caused them to fall behind in rates payments.

Council's Approach

Council has for a long period of time taken a reasonably liberal approach to pursuit of rates in arrears. Generally, Council has not pursued rates through aggressive debt collection or through the courts, as some other Councils have done. Council has typically worked to arrange payment plans to recover rates in arrears over time. Council has also instituted flexible models for payment of rates, including early adoption of fortnightly payments through BPay.

This approach taken is consistent with Council's desire to build positive and proactive relationships with our community. In addition to this, Council has been working to build organisational efficiency to deliver a dividend to the community. This is currently in the form of a zero percent average rate increase in six years.

In general ratepayers respond very well to this approach with a very significant majority paying rates in a timely fashion or negotiating a payment plan.

Legislative Approaches

In 2022 the State Government enacted the Local Government Legislative Amendment (Rating Reform and Other Matters) Act 2022 which, among other things, makes provision for the Minister for Local Government to:

- providing the Minister with the power, in consultation with the Essential Services Commission, to issue guidance on how councils deal with ratepayers experiencing financial hardship
- empowering the Minister, in consultation with the Essential Services Commission, to set a maximum amount of interest that may be levied on unpaid rates and charges (currently set at 10 per cent)
- limiting councils' use of Magistrate's Court orders for recovering unpaid rates in situations where rates or charges have not been paid for two years or more
- formalising payment plans for ratepayers to pay their outstanding rates and charges as an alternative to the four instalments currently prescribed.

Council's longer-term approach is consistent with the regulated changes around rating reform adopted by the State Government.

A way forward

It is important that Council establishes a fair and equitable model for managing rates arrears that is consistent with State regulation and Council's previous approach. It is clearly not the time to institute a general policy of "get tough on rates arrears". It is time however to provide clear messaging to the 50 ratepayers who have significant arrears that they need to meet their obligation and make arrangements to pay their rates. It is also important that all ratepayers are aware that Council is happy to assist those in financial hardship to make a payment arrangement that assists in managing payment of rates.

As a preliminary step it is suggested that the following steps be taken:

- The CEO write to the top 50 ratepayers in arrears, clearly indicating the amount that they owe in arrears and that they need to contact Council to make arrangements to pay
- Media releases are developed identifying the issue of rates arrears in Ararat Rural City and indicating Council's willingness to work with individual ratepayer to manage individual rates issues
- Council institute quarterly reporting on rates arrears in the Council Meeting agenda commencing in 2024, in order to maintain public visibility and Council accountability around the issue
- The CEO include measures relating to rates areas in the CEO and Councillor data dashboards to ensure in ternal focus on the issue.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The issue of managing rates arrears relates to the following objectives and strategies in the Council Plan 2021-2025:

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 budge outcomes, linked to strategy that delivery value, innovation, and rating fairness.

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.

Budget Implications

The rates arrears issue does not adversely affect Council's budget to a significant degree. Council is in a relatively good cash position meaning it can carry the arrears. If Council were in a different cash position the issue would be more critical. There is a minor financial benefit to Council through imposition of interest on rates arrears. The rate arrears will ultimately be collected when property is sold and transferred to new ownership.

Policy/Relevant Law

Councils derive the power to impose rates and charges from the Local Government Act 1989. It is unlawful to refuse or fail to pay rates or charges except in accordance with the provisions in the Act, or the determination of a Court.

The Local Government Legislative Amendment (Rating Reform and Other Matters) Act 2022 made provisions relating to financial hardship, payment plans and setting leviable interest for rates arrears.

Sustainability Implications

Nil

Risk Assessment

The level of organisational risk that Council is currently exposed to in relation rates arrears is relatively low given its reasonably strong cash position. If there were to be significant increase in rates arrears beyond the current level it would represent an increased risk to Council's financial position. There is an element of reputational risk associated with failure to collect rates from some ratepayer while the majority are paying within appropriate timeframes.

Innovation and Continuous Improvement

There is a need for Council seek innovative solutions to the rates arrears issue within the local government legislative framework. This will involve establishing a strong engagement model, managing issues of hardship and building more flexible models to support payment options. A number of service sector organisations find that providing more ways for customers to make payment results in increased on time payment.

Stakeholder Collaboration and Community Engagement

Community engagement is a key element in managing the rates arrears issue. It is important that three issues are communicated to the community:

- Council appreciates that most ratepayers do the right thing and meet their legal responsibility to pay rates
- Council is very happy to work with people to assist them to pay their rates through payment plans and creation of flexible ways to pay
- Council is serious about managing the rates arrears issue and ensure that ratepayers who have large and long-term arrears will be required to make arrangements to meet their obligations.

RECOMMENDATION

That:

- 1. The CEO write to the top 50 ratepayers in arrears, clearly indicating the amount that they owe in arrears and that they need to contact Council to make arrangements to pay their rates obligation;*
- 2. The CEO ensure that media releases are developed identifying the issue of rates arrears in Ararat Rural City and indicating Council's willingness to work with individual ratepayers to manage their rates issues;*
- 3. Council institute quarterly reporting on rates arrears in the Council Meeting Agenda as of 2024; and*
- 4. The CEO ensure that measures relating to rates arrears are built into CEO and Councillor data dashboards.*

MOVED CR ALLGOOD

SECONDED CR WATERSTON

That:

- 1 The CEO write to the top 50 ratepayers in arrears, clearly indicating the amount that they owe in arrears and that they need to contact Council to make arrangements to pay their rates obligation;**
- 2 The CEO ensure that media releases are developed identifying the issue of rates arrears in Ararat Rural City and indicating Council's willingness to work with individual ratepayers to manage their rates issues;**
- 3 Council institute quarterly reporting on rates arrears in the Council Meeting Agenda as of 2024; and**
- 4 The CEO ensure that measures relating to rates arrears are built into CEO and Councillor data dashboards.**

CARRIED 4869/23

ATTACHMENTS

Local Government Rating fact sheets are provided as Attachment 3.5.

Local Government Legislative Amendment (Rating and Other Matters) Act 2022

What does this mean for councils and ratepayers?

The *Local Government Legislative Amendment (Rating and Other Matters) Act 2022* received Royal Assent in August 2022. The Act makes changes to the arrangements for unpaid rates and charges, consideration of ratepayers facing financial hardship, service rates and charges and special rates and charges. The Act also introduces a new public benefit criteria for councils to offer rate rebates and concessions.

The *Local Government Legislative Amendment (Rating Reform and Other Matters) Act 2022* will:

- support people who are struggling to pay their rates
- address key recommendations from the Local Government Rating System Review and the Ombudsman's Investigation into how local councils respond to ratepayers in financial hardship
- improve how councils deal with people in financial hardship and incentivise working with ratepayers early and proactively as part of their core business.

The Act will also help to implement a fairer rating system by:

- providing the Minister with the power, in consultation with the Essential Services Commission, to issue guidance on how councils deal with ratepayers experiencing financial hardship
- empowering the Minister, in consultation with the Essential Services Commission, to set a maximum amount of interest that may be levied on unpaid rates and charges (currently set at 10 per cent)

- limiting councils' use of Magistrate's Court orders for recovering unpaid rates in situations where rates or charges have not been paid for two years or more
- formalising payment plans for ratepayers to pay their outstanding rates and charges as an alternative to the four instalments currently prescribed.

Why is the Government changing the maximum interest rate on unpaid rates and charges?

The maximum interest rate set by the *Penalty Interest Rate Act 1983* of 10 per cent is disproportionate for unpaid local government rates. While councils may levy interest that is lower, this has been inconsistently applied by councils. The Government considers it more appropriate that the maximum interest rate is set by the Minister for Local Government, with Guidelines, to ensure councils reduce the maximum amount for ratepayers experiencing financial hardship. The Essential Services Commission will provide advice to the Minister prior to setting the maximum interest rate.

Limits to use of Magistrate's Court orders

The Act limits councils' use of Magistrate's Court orders for recovering unpaid rates to situations where rates or charges have not been paid for twenty-four months or longer.

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Formalising payment plans

The Act will formalise payment plans as an alternative way for ratepayers to pay their outstanding rates and charges. This will allow for more flexible arrangements to be negotiated and agreed upon by councils and ratepayers, especially in circumstances of financial hardship.

Ministerial Guidelines for Unpaid Rates and Charges

The Act provides the Minister with the power to issue Ministerial Guidelines (after consulting with the Essential Services Commission) on how councils deal with ratepayers experiencing financial hardship.

These will:

- define financial hardship
- require early engagement with people who are struggling to pay their rates
- set out how to undertake debt collection appropriately.

What is the intention of the new public benefit criteria for rate rebates and concessions?

The previous arrangements for rate rebates and concessions restrict their application to the preservation of buildings and the environment.

The Local Government Rating System Review recommended a new, contemporary public benefit test for councils to offer rate rebates and concessions. This will allow councils to offer rate rebates or concessions for land uses that provide a public benefit to the community. The legislation will specify that the public benefit use must allow for availability to the public either free of charge or for a nominal amount, and may not be used for the distribution of profit to the owner or shareholders.

It will remain up to councils whether they offer rate rebates or concessions to their municipality under the new criteria. The Government encourages councils to think creatively about how they can use the new public benefit test to benefit their own community. Community gardens or public art

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spaces on private land are some such land uses that could be eligible, along with many other possibilities.

The current criteria for rate rebates for the preservation of buildings and the environment will also remain.

What will the changes to council service charges achieve?

Waste service charges were previously limited to 'the collection and disposal of refuse'. The Act will update the description of waste charges to ensure that all the services relevant to modern waste management activities are covered such as collection, transport, processing, storage and treatment of waste and recyclable materials. The definition is aligned with that of the *Circular Economy Act 2021* and the Government's recycling reforms.

Legacy provisions for councils to levy service charges for water and sewage have been repealed as they are no longer used since the water sector was corporatised in the 1990s.

What are the changes to council Special Rates and Charges schemes?

The Act will ensure the timely levying of council special rates and charges, to minimise delays between declaring special rates and charges schemes and the Acting of ratepayers. If a council has not levied the affected ratepayers within 12 months of declaring such a scheme, then the scheme itself will lapse, prompting councils to commence the works related to the scheme as soon as practicable.

Special rates and charges schemes are most commonly used to fund the sealing of private or suburban roads, construction of footpaths and drainage infrastructure. The schemes are also used to fund economic development activities for retail districts such as high street trading associations.

For more information visit
<https://www.localgovernment.vic.gov.au/our-programs/council-rates-and-charges>

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Legitimacy of Councils and Rating Powers

Local Government Victoria - Factsheet

Key Messages

- Victorian Councils are lawfully constituted by State legislation, namely the *Local Government Act 2020*.
- Councils are recognised in the Victorian Constitution.
- Neither the Victorian nor Commonwealth Constitution conflict with the lawful status and powers of Victorian Councils.
- Councils derive the power to impose rates and charges from the *Local Government Act 1989*.
- It is unlawful to refuse or fail to pay rates or charges except in accordance with the provisions in the Act, or the determination of a Court. Significant penalties apply for non payment.

MYTH 1

Local Government has no legal validity because it is not mentioned in the Commonwealth Constitution.

A referendum in 1988 to recognise local government in the Constitution did not succeed.

Therefore, local government has no legal existence.

FACT

Local government is legally valid, having been constituted by an Act of the Victorian Parliament.

There is no obstacle in the Commonwealth Constitution to prevent State Parliaments from legislating to create, empower and regulate local government. All States have done so.

The Victorian Constitution includes explicit recognition of local government. Section 74 B gives Parliament the right to make laws for and in relation to local government.

MYTH 2

The Victorian Constitution is not valid; therefore, its recognition of local government is invalid; therefore, local government itself has no lawful basis.

The *Constitution Act 1975* was not properly enacted as it did not receive the assent of the Queen.

FACT

The Victorian Constitution is a valid Act of the Victorian Parliament.

The first Constitution was enacted in 1855 and provided for its replacement with subsequent Constitution Acts.

The current *Victorian Constitution Act 1975* received Royal Assent in October 1975.

The Constitution's provisions, including those relating to local government, are valid and have the force of law.

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MYTH 3

Council has no right to impose rates because the Commonwealth Constitution only gives the power to tax to the Federal and State Governments.

The High Court recently confirmed this in the 'Pape' case.

FACT

The Commonwealth Constitution does not contain any obstacle to the levy of taxes by the States, including on property.

State Parliaments have the power to confer this function on other bodies through legislation.

Through the *Local Government Act 1989*, Part 8, the Victorian Parliament has conferred upon local government the power to levy and collect property tax in the form of rates.

The High Court case of *Pape v Commissioner of Taxation* (2009) did not refer to either the States' power to tax, or local government's power to levy rates and charges.

MYTH 4

Councils are created as bodies corporate, not governments. Therefore, they cannot levy taxes.

FACT

Councils are certainly created as statutory bodies corporate under an Act of Parliament. Such bodies can perform any function and exercise any power conferred on them by the Act which creates them.

The *Local Government Act 1989* provides Councils with a range of powers, including to levy rates (see 3 above).

The Victorian Constitution provides that Councils are a distinct and essential tier of government.

The *Local Government Act 2020* provides that Councils are constituted by Councillors democratically elected by their community for the purpose of providing 'good governance in its municipal district for the benefit and wellbeing of the municipal community'.

MYTH 5

There is no lawful penalty for failing or refusing to pay rates because there is no power to impose rates.

FACT

Councils have the lawful power to impose and enforce rates.

People who fail to pay their rates may be liable for penalties, including:

- Penalty interest for late payment;
- Recovery of unpaid rates and charges as debts, which may include selling the relevant land without the consent of the owner;
- Court proceedings which may result in award of costs against a defaulting owner, which means requirement to pay the Council's legal costs on top of the outstanding rates and charges.

Appealing Rates and Charges

While the rule is that rates must be paid as charged, there are processes for appeal, including in circumstances of financial hardship.

The *Local Government Act 1989* and *Local Government Act 2020* sets out the legal requirements, and information on a Council's specific procedures will be available from the Council.

Any person seeking to challenge their rate notice is recommended to speak to their Council first. If proceeding to court, they are recommended to seek legal advice.

DISCLAIMER: This Fact Sheet provides general guidance. It is not intended as legal advice but may be used as a reference guide to the views of Local Government Victoria.

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3.6 PERFORMANCE AND FINANCIAL STATEMENTS

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11748

OFFICER DECLARATION OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The Financial Statements and Performance Statement (the statements) have been prepared for the period ended 30 June 2023. The Victorian Auditor-General is required to audit the statements but cannot issue his report unless Council approves the statements.

The Audit and Risk Committee reviewed the statements on 5 September 2023 and recommended that Council authorises Councillor Jo Armstrong, Councillor Henry Burridge and Dr Tim Harrison to certify the Financial Statements and the Performance Statement in their final form.

DISCUSSION

Pursuant to the Local Government Act 2020 (the Act) Council is required to give "in principle approval" to the 2022/23 Financial Statements and Performance Statement and submit the statements to the auditor for reporting on the audit.

The Act recognises that further changes may be made to the statements and therefore Council must authorise two Councillors to certify the Financial Statements and Performance Statement in their final form after any changes recommended by the auditor have been made.

The Auditor-General's agent conducted the offsite audit during August and September 2023.

Key Financial information:

Financial Statements – Income Statement

The Comprehensive Income Statement measures how well Council has performed from an operating nature. It reports revenue and expenditure from the activities and functions undertaken, with the net effect being a surplus or deficit. Capital expenditure is excluded from this statement, as it is reflected in the Balance Sheet. Depreciation is included in this statement, as depreciation is the accounting method of allocating the cost of an asset over its useful life.

The draft Comprehensive Income Statement shows total income in 2023 of \$38.445 million compared with \$36.620 million in 2022. Rates & Charges income increased by \$0.180 million, Government Grants for operations increased by \$2.365 million, and Government Grants for capital works decreased by \$1.657 million.

Total income from rates increased by 1.03%. The increased income is derived from development within the municipality and small increase in interest on rates and charges applied through the year.

Total expenses in 2023 were \$33.682 million compared with \$29.264 million in 2022, an increase of \$4.418 million. A breakdown of expenses reveals an increase in employee costs of \$0.228 million which can be largely attributed to a 2.5% wage increase under Council's Enterprise bargaining Agreement.

There has been an increase of \$2.974 million in materials and services to deliver the outcomes for the additional operating grants and to complete projects carried forward from the previous financial year.

Depreciation expenses have increased by \$1.216 million as a result of developing more accurate asset valuation models and mechanisms for managing accounting for depreciation.

The surplus for 2023 was therefore \$4.763 million compared with a surplus of \$7.356 million in 2022. The revaluation of property and infrastructure assets at 30 June 2022 has resulted in an increase in value of \$14.518 million.

Financial Statements – Balance Sheet

The Balance Sheet is one of the main financial statements and it reports Council's assets, liabilities and equity at a given date, in this case 30 June 2023. Comparative figures have been provided as at 30 June 2022.

Council's current assets have decreased by \$1.457 million, from \$25.514 million as at 30 June 2022 to \$24.057 million as at 30 June 2023. Cash and cash equivalents have decreased by \$10.058 million, which was offset by an increase in Other financial assets of \$8,002 million in the form of transfer of cash to term deposits, to increase interest earnings.

Total liabilities have decreased by \$3.399 million from \$11.995 million in 2022 to \$7.475 million in 2023, this is largely due to a decrease in unearned income represented by timing of grant income.

Financial Statements – Cash Flows

The Statement of Cash Flows shows how changes in the Balance Sheet and Income Statement affect Cash and Cash Equivalents, and breaks down the analysis to operating activities, investing activities and financing activities.

The Cash Flow Statement shows a net decrease in cash and cash equivalents of \$10.058 million compared with a decrease of \$1.534 million in 2022. The decrease in 2023 includes \$8 million which Council has transferred into a term deposit for a six-month term and these funds are no longer included in the cash and cash equivalents balance.

The Cash Flow Statement shows net cash provided by operating activities was \$8.919 million in 2023 compared with \$15.137 million in 2022, representing a decrease of \$6.218 million. This is largely due to a decrease in capital grants of \$5.252 million and an increase in materials and services expenditure of \$1.924 million.

Net cash used in investing activities (payments for property, infrastructure, plant and equipment) was \$19.598 million in 2023 compared with \$14.479 million in 2022, representing a increase of \$5.119 million. Council has invested \$8 million into a term deposit, as well as a \$0.500 million contribution to its joint venture, Ararat Housing Enterprise Pty Ltd.

Financial Statements – Capital works

The Statement of Capital Works details the capital works completed during 2023. It shows \$11.586 million invested in 2023 compared with \$14.664 million in 2022, a decrease of \$3.078 million. The decrease in capital works spending can be attributed to a decrease in capital grant funding during 2022/2023, Council's more conservative investment strategy due to market volatility and project delays due to unforeseen weather events from October 2022.

Performance Statement

The Victorian Government has introduced a mandatory system of performance reporting which prescribes performance information to be included on Council's annual reports.

"Councils must describe the prescribed indicators and measures in the performance statement so it is clear to the audience what is being measured. In addition, the performance statement must include the results achieved in relation to the prescribed service performance outcome, financial performance and sustainable capacity for the financial year and three preceding years".

For the financial performance indicators and measures, the performance statement must also include the forecast results for four years based on the financial statements included in Council's budget.

Reporting trend information helps the reader understand changes in Council performance over time and acts as a point of reference for results. The regulations require that Councils must also provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation".

The performance reporting framework requires Councils to load the indicators included in this performance statement, as well as a number of other indicators that are required to be included in the report of operations, onto the "Know your Council" website - <https://knowyourcouncil.vic.gov.au/>, which will allow the community to compare the performance result of Councils across Victoria.

Part of the performance reporting framework includes the State Government setting expected ranges for each indicator. Based on the draft financial statement and performance statement, Council is within the expected range for most indicators. The reasons for the material variations are included in the performance statement.

Audit and Risk Committee Review

The draft Financial Statements and Performance Statement were considered by the Audit and Risk Committee on 5 September 2023. Mr Ryan Schischka – Johnsons MME presented the draft Auditors Closing Report at that meeting, answering any issues raised by the Audit and Risk Committee members. Further changes may be required after the Victorian Auditor General's Office has reviewed the statements and before the nominated Councillors certify the accounts in their final form.

KEY CONSIDERATIONS

Alignment to Council Plan 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.

Budget Implications

Approving the Statements does not have any budget implications.

Policy/Relevant Law

Section 99 (2) of the Local Government Act 2020 states that: "the Council, after passing a resolution giving its approval in principle to the performance statement and financial statements, must submit the statements to the auditor for reporting on the audit".

Section 99 (3) of the Local Government Act 2020 states that: "The Council must ensure that the performance statement and financial statements, in their final form after any changes recommended or agreed by the auditor have been made, are certified in accordance with the regulations by—

- (a) 2 Councillors authorised by the Council for the purposes of this subsection; and
- (b) any other persons prescribed by the regulations for the purposes of this subsection."

Section 99 (5) of the Local Government Act 2020 states that: "the auditor must not sign a report under subsection (4) or under Part 3 of the Audit Act 1994 unless the performance statement or the financial statements (as applicable) have been certified under subsection (3)."

Sustainability Implications

This report does not raise any sustainability implications.

Risk Assessment

Council is required to approve the statements before the Auditor-General can issue the audit report.

Innovation and Continuous Improvement

The Financial Statements and Performance Statement are primary documents used to report on Council's achievements in continuous improvements. For example, introducing organisational efficiencies leads to a reduction in operating expenses and investing more in infrastructure spending leads to an improvement in the satisfaction rating for sealed roads.

Stakeholder Consultation and Communication

Various Council officers have been involved with the preparation of the statements. The statements will be included in the Annual Report that will be made available to the community.

RECOMMENDATION

That:

- 1 Pursuant to Section 99 of the Local Government Act 2020, Council gives approval in principle to the Financial Statements and Performance Statements for the year ended 30 June 2023; and*
- 2 Pursuant to Section 99 of the Local Government Act 2020, Council authorises the Chief Executive Officer, Councillor Jo Armstrong and Councillor Henry Burrige to certify the 2022/23 Financial Statements and Performance Statement in their final form*

MOVED CR BEALES

SECONDED CR WATERSTON

That:

- 1 Pursuant to Section 99 of the Local Government Act 2020, Council gives approval in principle to the Financial Statements and Performance Statements for the year ended 30 June 2023; and**
- 2 Pursuant to Section 99 of the Local Government Act 2020, Council authorises the Chief Executive Officer, Councillor Jo Armstrong and Councillor Henry Burrige to certify the 2022/23 Financial Statements and Performance Statement in their final form**

CARRIED 4870/23

ATTACHMENTS

The Financial Statements and Performance Statement are provided Attachment 3.6.

**Ararat Rural City Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2023

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*Ararat Rural City Council
2022/2023 Financial Report*

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 Burridge
Councillor

Dated : 26 September 2023
Ararat

Dr Tim Harrison
Chief Executive Officer

Dated : 26 September 2023
Ararat

*Ararat Rural City Council
2022/2023 Financial Report*

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*Ararat Rural City Council
2022/2023 Financial Report*

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Ararat Rural City Council
2022/2023 Financial Report

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.

Ararat Rural City Council
2022/2023 Financial Report

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.

Ararat Rural City Council
2022/2023 Financial Report

Statement of Changes in Equity For the Year Ended 30 June 2023

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
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

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022					
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.

Ararat Rural City Council
2022/2023 Financial Report

Statement of Cash Flows For the Year Ended 30 June 2023

		2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
	Note		
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.

Ararat Rural City Council
2022/2023 Financial Report

Statement of Capital Works For the Year Ended 30 June 2023

	Note	2023 \$'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.

Ararat Rural City Council
2022/2023 Financial Report

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

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

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.

Ararat Rural City Council
2022/2023 Financial Report

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%	

(i) Explanation of material variations

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.

Ararat Rural City Council
2022/2023 Financial Report

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%	

(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.

Ararat Rural City Council
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

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.

Ararat Rural City Council
2022/2023 Financial Report

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

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income/ revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
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

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income/ revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
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

Ararat Rural City Council
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

	2023	2022
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3.1 Rates and charges

	\$'000	\$'000
--	--------	--------

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).

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

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.

3.3 User fees

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.

Ararat Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
3.4 Funding from other levels of government		
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		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	9,319	8,186
General home care	-	487
<i>Recurrent - State Government</i>		
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
<i>Non-recurrent - Commonwealth Government</i>		
Community development	17	20
<i>Non-recurrent - State Government</i>		
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

Ararat Rural City Council
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Notes to the Financial Report For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	477	1,319
Total recurrent capital grants	477	1,319
<i>Non-recurrent - Commonwealth Government</i>		
Transport	680	3,939
Recreation	50	278
<i>Non-recurrent - State Government</i>		
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 of 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. The following table provides a summary of the accounting framework under which grants are recognised.

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

Ararat Rural City Council
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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		
<i>Operating</i>		
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	<u>2,593</u>	<u>3,561</u>
<i>Capital</i>		
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	<u>475</u>	<u>3,614</u>

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

Monetary	181	184
Total contributions	<u>181</u>	<u>184</u>

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

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

Proceeds of sale	488	185
Written down value of assets disposed	(303)	(38)
Total net gain on disposal of property, infrastructure, plant and equipment	<u>185</u>	<u>147</u>

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

Interest	515	53
Investment property rental	140	135
Total other income	<u>655</u>	<u>188</u>

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.

Ararat Rural City Council
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000

Note 4 THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs

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

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.

4.3 Depreciation

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.

Ararat Rural City Council
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
4.4 Borrowing costs		
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

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

Ararat Rural City Council
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

Note 5 OUR FINANCIAL POSITION	2023	2022
5.1 Financial assets	\$'000	\$'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.		
(c) Trade and other receivables		
Current		
Statutory receivables		
Rates debtors	1,955	1,742
Net GST receivable	308	99
Non statutory receivables		
Other debtors	2,246	2,081
Total current trade and other receivables	4,509	3,922
Non-current		
Statutory receivables		
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

Ararat Rural City Council
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Notes to the Financial Report For the Year Ended 30 June 2023

5.2 Non-financial assets	2023	2022
	\$'000	\$'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

(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	1,589	1,017
Accrued expenses	176	523
Total current trade and other payables	1,765	1,540

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

(c) Unearned income/revenue		
Current		
Grants received in advance - operating	2,593	3,561
Grants received in advance - capital	475	3,614
Total current 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.

Purpose and nature of items

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

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

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

Ararat Rural City Council
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

5.4 Interest-bearing liabilities

	2023	2022
	\$'000	\$'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.

5.5 Provisions

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

Provisions - current

2,084 2,245

Provisions - non-current

123 184

Ararat Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
(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.

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:

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

Ararat Rural City Council
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Notes to the Financial Report For the Year Ended 30 June 2023

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

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
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					
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

(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
	74	77

Ararat Rural City Council
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Notes to the Financial Report
For the Year Ended 30 June 2023

Note 6 ASSETS WE MANAGE

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2022*								Carrying amount 30 June 2023
	\$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	\$'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
	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

Ararat Rural City Council
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Notes to the Financial Report
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(a) Property

	Freehold Land	Controlled Land*	Land under roads	Land improvements**	Total Land	Building on freehold land	Building on controlled land*	Total Buildings	Work in Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)
	8,778	8,597	298	432	18,105	24,818	24,500	49,318	437	67,860
Movements in fair value										
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)	-
	87	86	3	-	176	4,590	3,665	8,492	3,066	11,734
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	-	(50)	(50)	(1,067)	(707)	(1,774)	-	(1,824)
Revaluation	-	-	-	-	-	(2,823)	(1,988)	(4,811)	-	(4,811)
	-	-	-	(50)	(50)	(3,890)	(2,695)	(6,585)	-	(6,635)
At fair value 30 June 2023	8,865	8,683	301	1,000	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

Ararat Rural City Council
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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)	(883)	-	(6,484)
	<u>5,216</u>	<u>247</u>	<u>410</u>	<u>1,811</u>	<u>7,684</u>
Movements in fair value					
Additions	1,900	-	44	-	1,944
Revaluation	-	-	-	294	294
Disposal	(1,283)	-	-	-	(1,283)
	<u>617</u>	<u>-</u>	<u>44</u>	<u>294</u>	<u>955</u>
Movements in accumulated depreciation					
Depreciation and amortisation	(826)	(83)	(20)	-	(929)
Accumulated depreciation of disposals	980	-	-	-	980
	<u>154</u>	<u>(83)</u>	<u>(20)</u>	<u>-</u>	<u>51</u>
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	<u>5,987</u>	<u>164</u>	<u>434</u>	<u>2,105</u>	<u>8,690</u>

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For the Year Ended 30 June 2023

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	(5,982)	(377)	(146)	(195)	-	(6,370)
Revaluation	(8,542)	(937)	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

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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 and 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 and 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.

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.

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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 Practising 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.

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		

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

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	2023	2022
	\$'000	\$'000

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.

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

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.

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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:

		2023 No.	2022 No.
Councillors	Councillor Jo Armstrong (Mayor)		
	Councillor Peter Beales		
	Councillor Gwenda Allgood		
	Councillor Rob Armstrong		
	Councillor Bob Sanders		
	Councillor Bill Waterston		
	Councillor Henry Burridge		
	Chief Executive Officer		
	Deputy CEO		
	Manager Development & Regulation		
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

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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

- -

(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:

- -

(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:

- -

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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.

(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.

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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.

(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.

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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.

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.

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Note 9 OTHER MATTERS

9.1 Reserves

(a) Asset revaluation reserves

2023

Artworks

Artworks

Property

Land

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Total asset revaluation reserves

2022

Artworks

Artworks

Property

Land

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Total 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.

Ararat Rural City Council
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
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

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.

Ararat Rural City Council
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus		
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)	-
<i>Change in assets and liabilities</i>		
(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

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

*Ararat Rural City Council
2022/2023 Financial Report*

**Notes to the Financial Report
For the Year Ended 30 June 2023**

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.

(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

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Notes to the Financial Report For the Year Ended 30 June 2023

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.

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.

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**Notes to the Financial Report
For the Year Ended 30 June 2023**

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.

Ararat Rural City Council

Performance Statement

For the year ended 30 June 2023

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 [Total expenses / 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.
Infrastructure per head of municipal population [Value of infrastructure / 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.
Population density per length of road [Municipal population / Kilometres of local roads]	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.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / 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.

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Indicator / measure [formula]	Results				Comment
	2020	2021	2022	2023	
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / 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.
Disadvantage					
Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	1.00	2.00	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.
Workforce turnover					
Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	14.7%	13.5%	16.8%	23.4%	There has been a higher number of staff resignations, including many staff retiring during the year.

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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

	Results				
Service / indicator / measure	2020	2021	2022	2023	Comment
Aquatic facilities					
Utilisation					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.
Utilisation of aquatic facilities	4.13	1.20	2.65	3.05	
[Number of visits to aquatic facilities / Municipal population]					
Animal management					
Health and safety					
Animal management prosecutions	0%	0%	0%	100%	There was one animal prosecution during this reporting period, to which Council received a successful outcome.
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100					

Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Food safety					
Health and safety					
Critical and major non-compliance outcome notifications	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.
[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					
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]					

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Service / indicator / measure	Results				Comment
	2020	2021	2022	2023	
Libraries					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.
Participation					
Active library borrowers in municipality	11.75%	10.71%	8.55%	7.85%	
[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					
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					

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	Results				
Service / indicator / measure	2020	2021	2022	2023	Comment
Roads					
Satisfaction					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	56	59	58	51	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
Statutory Planning					
Decision making					Council saw one VCAT decision in 2022/2023.The VCAT decision upheld Council's decision.
Council planning decisions upheld at VCAT	0.00%	0.00%	100.00%	100.00%	
[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					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.
Kerbside collection waste diverted from landfill	25.19%	23.96%	21.02%	22.90%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

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	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency									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.
Expenditure level									
Expenses per property assessment									
[Total expenses / Number of property assessments]	\$4,206.73	\$4,049.49	\$4,064.44	\$4,615.87	\$3,734.27	\$3,734.63	\$3,797.17	\$3,862.81	
Revenue level									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.
Average rate per property assessment									
[General rates and Municipal charges / Number of property assessments]	\$2,076.66	\$2,060.89	\$2,028.33	\$2,006.30	\$2,028.09	\$2,025.82	\$2,075.00	\$2,140.81	

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	Results				Forecasts				
Dimension / <i>indicator</i> / <i>measure</i>	2020	2021	2022	2023	2024	2025	2026	2027	Material Variations
Liquidity					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				
Working capital									
Current assets compared to current liabilities	396.18%	202.08%	224.65%	321.83%					
[Current assets / Current liabilities] x100									
Unrestricted cash					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 compared to current liabilities									
Unrestricted cash compared to current liabilities	172.49%	64.51%	64.66%	64.43%					
[Unrestricted cash / Current liabilities] x100									

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Dimension / <i>indicator</i> / <i>measure</i>	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%	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.
[Interest bearing loans and borrowings / Rate revenue] x100									
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%	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.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									

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Dimension / <i>indicator / measure</i>	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i>	15.44%	4.29%	3.30%	5.47%	4.56%	3.11%	2.42%	0.83%	Non-current liabilities have increased with Council using equipment finance to purchase two new waste trucks to provide waste collection services
[Non-current liabilities / Own source revenue] x100									
Asset renewal and upgrade									
<i>Asset renewal and upgrade compared to depreciation</i>	118.09%	164.30%	174.50%	90.93%	122.82%	123.85%	126.82%	136.51%	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.
[Asset renewal and upgrade expense / Asset depreciation] x100									
Operating position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i>	-4.12%	9.08%	7.64%	2.06%	4.54%	7.09%	6.99%	7.21%	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.
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									

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Dimension / indicator / measure	Results				Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Stability									
Rates concentration									
Rates compared to adjusted underlying revenue	61.17%	55.31%	55.29%	51.46%	62.64%	60.75%	61.02%	61.43%	Income from rates remains fairly consistent with previous years as Council has delivered a net rate rise of 0% for a six year period up to 2023/2024. The adjusted underlying revenue increased as Council has received approximately 100% of the annual allocation of financial assistance grants for 2023/2024 in June 2023, compared to around 75% being received in advance in the previous year. The forecast for future years is based on a single annual allocation of financial assistance grants and minimal project grants being received.
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
Rates compared to property values	0.62%	0.54%	0.41%	0.29%	0.27%	0.26%	0.26%	0.25%	Property values within the municipality increased by 44.85% between 2021/2022 and 2022/2023. Additionally, Council has delivered a net rate rise of 0% for a six year period up to 2023/2024.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100									

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

3.7 ALEXANDRA OVAL RESURFACING

RESPONSIBLE OFFICER: EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11749

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

The officer identifies a direct, but unavoidable Conflict of Interest in preparation of this report.

EXECUTIVE SUMMARY

Sport and recreation are an essential part of community life. It provides an opportunity for people of all ages and abilities to build social networks, develop new skills and enjoy the health benefits derived from participation.

Alexandra Oval playing surface has not had any major works done since the early to mid-1980s, this has resulted in the playing surface building up unevenly by as much as 250mm which has negatively impacted the levels, and in turn, the capacity of the drainage to keep the surface at the standard that community groups expect.

Council will commence works to resurface Alexandra Oval in October. This will ensure that the ground remains a regional showcase ground, prior to the 2024 football/netball season.

Works will be completed in-house by Council staff. Council have allocated resources/staff to maintain and care for the new turf to ensure that we do not reach a point where the oval is being overused in the future.

DISCUSSION

Public open space and sport and recreation facilities provide the essential settings that allow for communities to participate and enjoy the benefits of their participation. It is important then that sport and recreation facilities are able to accommodate a broad range of needs and allow for wide community access.

Alexandra Oval Reserve precinct is home to a number of sporting and community activities. It is a highly utilised sport and recreation facility that caters for football, netball, tennis, athletics, and also provides an important community space for a number of events and community activities to be held.

Alexandra Oval playing surface has not had any major works done since the early-to-mid 1980's. Council staff have recently undertaken survey work of the oval and have found that there are serious problems with the drainage and irrigation systems, which need to be rectified to uphold the status of the oval.

The surveying work indicated difficulties in the "shape" of the existing surface which leads to uneven water flow, making the surface very swampy and creates unideal conditions for community use.

It has been established that there is a need to undertake resurfacing works at the oval as soon as possible to ensure the facility is in prime condition prior to commencement of the 2024 football/netball season.

Similar works which have been undertaken by nearby Councils have seen costs of approximately \$1 million. However, council officers have proposed a model using in-house resources to undertake the works that will cost approximately \$200,000.

Work on the Alexandra Oval redevelopment will commence in early October and is expected to be completed by February 2024. Council has reallocated resources to designate specific staff who will maintain and care for the new turf.

The cricket pitch will be removed permanently as there are no longer sufficient Cricket teams competing to justify the cost of maintaining 2 turf wickets. The Gordon Street redevelopment will soon be completed and will have a brand-new high-quality turf pitch which will enable teams (both junior and senior) to play on an A Grade surface throughout the summer with no impact on preparing Alexandra Oval for heavy use during the football season. The CEO and Executive Officer will meet with the President of the Grampians Association Cricket in the next few weeks to discuss arrangements for the 2023/2024 season.

As part of the redevelopment process Council will be renegotiating User Agreements with local sporting clubs that use the facility to ensure Council staff are able to manage the playing surfaces to ensure that we do not 'overuse the surface'.

This will guarantee Ararat continues to remain as a regionally recognised facility that clubs and associations will be very keen to utilise for local and regional competitions.

Alexandra Oval is a major sporting facility for the wider Ararat Rural City community and is considered by many to be the premier sporting oval for the municipality. The planned upgrade of the reserve specifically focuses on complementing the overall provision of regional sports infrastructure for the community and will provide a better playing surface for community groups, which will in turn bring both economic and social benefits to the Ararat community.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The report supports the strategic objective of the Council Plan 2021-2025:

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.

4.2 Work directly with asset users to manage and develop new and existing assets.

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.

Budget Implications

The project will be managed within the current 2023/2024 Budget. A project estimate of \$200,000 has been made to the major earthworks, drainage and irrigation refurbishing.

Policy/Relevant Law

None identified.

Risk Assessment

Failure to undertake the works at Alexandra Oval will impact the high demand for use Council currently receive, which in turn will have negative social and economic impacts on Ararat.

Resurfacing the oval back to a high-quality standard will improve the safety for players and user groups amongst the community. If the works to resurface the oval aren't completed as soon as possible, costs to restore the oval back to a high standard will significantly increase the more time that passes by without any action.

Stakeholder Collaboration and Community Engagement

The Chief Executive Officer briefed Councillors on the plan at the Council Briefing held on 05 September 2023.

As part of the redevelopment process Council will be renegotiating User Agreements with clubs that use the facilities.

RECOMMENDATION

That:

- 1 Council endorse the plan to resurface the Alexandra Oval prior to the commencement of the 2024 Football season; and*
- 2 Council endorse the removal of the turf cricket wicket from Alexandra Oval given that a new turf wicket will be established at the Gordon Street Recreation Reserve and the CEO meet with the President of the Grampians Cricket Association to discuss arrangements for the 2023/2024 season.*

MOVED CR ALLGOOD

SECONDED CR R ARMSTRONG

That:

- 1 Council endorse the plan to resurface the Alexandra Oval prior to the commencement of the 2024 Football season; and**
- 2 Council endorse the removal of the turf cricket wicket from Alexandra Oval given that a new turf wicket will be established at the Gordon Street Recreation Reserve and the CEO meet with the President of the Grampians Cricket Association to discuss arrangements for the 2023/2024 season.**

CARRIED 4871/23

ATTACHMENTS

There are no attachments in relation to this item.

Councillor Allgood declared a Conflict of Interest in Item 3.8– Pedestrian Crossing Assessments – due to a family member being involved with the Ararat Early Learning Centre.

Cr Allgood left the chamber at 6:40pm

3.8 PEDESTRIAN CROSSING ASSESSMENTS

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11756

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

In March 2023 Ararat Early Learning presented a joint letter to Council proposing five pedestrian crossings be installed across Ararat's CBD. Preliminary engineering assessments have been undertaken and the assessments have identified a range of complexities including management of State controlled roads, potential traffic banking, Heavy Vehicle Routes and potential cost of traffic signalling that need to be considered around these proposals

As a result, it is proposed that detailed design is undertaken in preparation for future works on a crossing of Ingor St between the Post Office and the bus shelter. In addition to this it is proposed that site selection for various crossing locations that will provide safe pedestrian access for students from St Mary's and Ararat Primary Schools walking into the centre of town be undertaken.

DISCUSSION

Council received a joint from educators at Ararat Early Learning Centre, which was first presented at the 28 March 2023 Council Meeting. The joint letter was requesting additional designated, signposted pedestrian crossings at various locations, which are outlined in detail below. The joint letter, which consists of 21 signatures states that the inclusion of additional crossings will increase the safety of our community who choose an active mode of transport.

At the 18 April 2023 Council Meeting it was decided that the CEO would work with the Department of Transport to seek cost effective and safe solutions to address the road safety concerns of the signatories on the joint letter.

The CEO has briefed Council on the Ararat On the Move: Active Transport and Lifestyle Strategy 2021-2025 since the April meeting and pedestrian safety works on George Rd are currently being undertaken by Council.

The CEO has commenced preliminary communication with the Department of Transport and Planning (DTP), it became clear that there was some need to undertake some preliminary local assessment. This has been completed and forms the basis for this report. The following is a list of locations Ararat Early Learning Centre would like to see Council install designated, signposted pedestrian crossings:

- At the Moore Street/Princes Street intersection (between St Mary's and Marian College)
- Barkly Street at the Marian College median crossing
- Barkly Street, crossing Kings Street at Christians Buses
- On Queen Street outside the Langi Morgala Museum, crossing to the library

- Barkly Street, crossing Ingor Street from the bus stop to the Post Office

Ararat Early Learning Centre believe that the installation of these crossings would benefit not only their organisation, but all of Ararat Rural City residents, making it a safer environment for active forms of transport.

Additional work has been undertaken by Council officers in relation to the feasibility of pedestrian crossings at the identified locations. A summary of the work is contained below:

Barkly Street, crossing Ingor Street from the bus stop to the Post Office



The width of the road would allow for a refuge to help cross the 11.5m width road. It would also assist in preventing vehicles cutting the corner and turn properly onto Ingor from Barkly

There are no existing services in place that would complicate works.

May need some consultation with DTP as connect to a state-controlled road (Barkly St).

Barkly Street at the Marian College median crossing



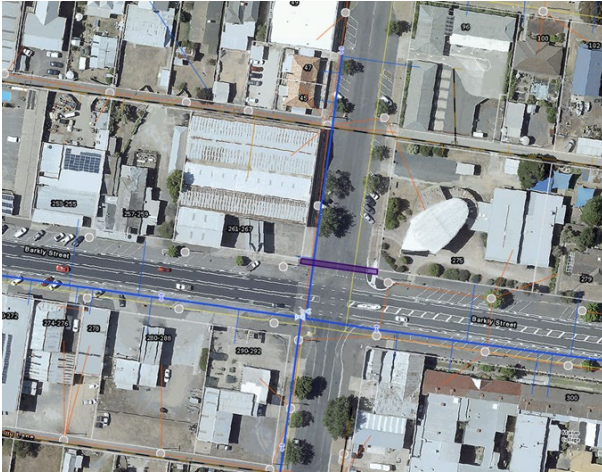
The creation of a median with pedestrian crossing would require DTP approval as it is a state-controlled road.

A pedestrian crossing would cause a loss of parking on either side of Barkley St.

The crossing would probably need to be signalized and this would add a significant amount to the cost. Crossing delays would also need to be investigated.

Pedestrian safety works were undertaken along this route in 2018/2019.

Barkly Street, crossing Kings Street at Christians Buses



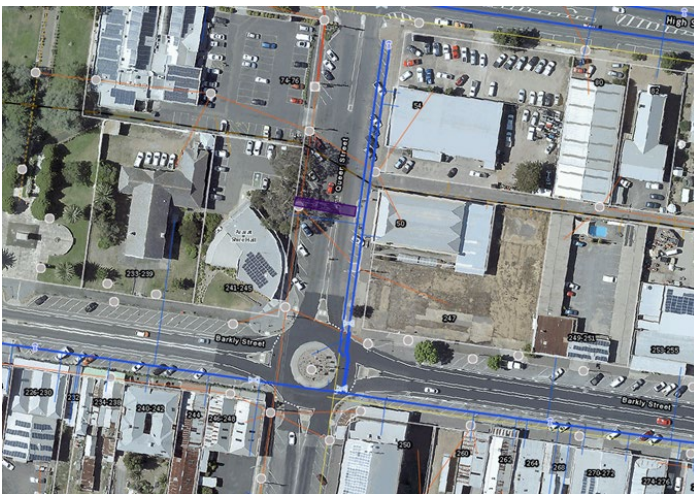
There is no pedestrian ramp on the west side at the corner of Christian buses. There is room for pedestrian refuge median crossing the 21m road width.

However, buses pull out from the depot and there would not be enough room to right turn out onto King St towards Barkly St.

There will need to be consultation with the bus company regarding safe bus access and egress.

Consultation and approval will be required with DTP as it impacts on safe vehicle access to Barkly St.

On Queen Street outside the Langi Morgala Museum, crossing to the Library



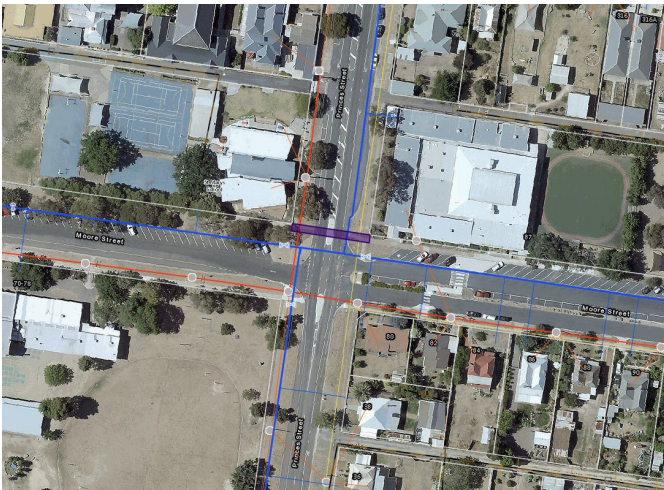
There is an existing mid-block crossing including a pedestrian refuge.

The crossing could have some zebra crossing line marking to make the crossing more visible as parked cars cover the site of entrance.

It is a Heavy Vehicle Route, so signalised crossing would need to be investigated further due to the large vehicles could bank up. This would greatly increase the complexity and cost of the project.

Impacts on a nearby laneway needs to be considered.

At the Moore Street/Princes Street intersection (between St Mary's and Marian College)



There is already a crossing on both sides of Princes St with refuges to help cross.

Traffic and pedestrian counts for this area would need to be undertaken to identify a treatment for this location.

It is a heavy vehicle route so any crossings in this area will need to be designed for the turning movements of 26m length Heavy Vehicles.

As can be seen there are a number of complexities relating to management of State controlled roads, potential traffic banking, Heavy Vehicle Routes and potential cost of traffic signaling that need to be considered around these proposals. The element which can be considered for works in the short term is Barkly Street, crossing Ingor Street from the bus stop to the Post Office. Council engineers are able to commence detailed design and discussion with colleagues at DTP to undertake this project.

The CEO had a follow up discussion with a representative of the authors of the joint letter to discuss progress. When asked for a sense of priority projects the Ingor St crossing and a safe pedestrian route for students from St Mary's and Ararat Primary Schools to walk into the town centre was identified.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

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.

Budget Implications

The solution proposed by residents would have a significant impact on budget. Provision of signalling for example would have a prohibitive impact on project cost. The cost benefit of each project would need to be carefully considered within the context of future year budgets.

It is possible to fund the works identified for the Ingor St crossing within the 2023/2024 Budget, providing more detailed design does not yield any additional significant cost. Similarly, it is possible that a crossing to support safe pedestrian access by St Mary's and Ararat Primary School students to the centre of town could be constructed in 2023/2024 if a suitable design can be developed.

Policy/Relevant Law

N/A

Sustainability Implications

There are no significant impacts identified on native vegetation, cultural heritage, and catchment management at this stage.

Risk Assessment

This report is based on concerns raised by the Ararat Early Learning Centre, and the perceived risk to the community and road users. There is a need to mitigate the perceived risk in a cost-effective and in a way that causes minimal disruption. Council will work with the DPT to seek approaches to reduce the risk.

Innovation and Continuous Improvement

N/A

Stakeholder Collaboration and Community Engagement

This report has been generated based on the joint letter from the educators at Ararat Early Learning Centre.

Further collaboration and community engagement will occur with the educators that signed the joint letter, Councillors and the community once work with Department of Transport has commenced.

RECOMMENDATION

That:

- 1 *The CEO has Council engineers undertake further assessment of the viability of the crossings identified;*
- 2 *The CEO has detailed design undertaken for a pedestrian crossing in Ingor St in proximity to the Post Office and the bus stop, and if financially viable undertake construction of the crossing; and*
- 3 *The CEO has site selection and preliminary design undertaken for a crossing location that will provide safe pedestrian access for students from St Mary's and Ararat Primary Schools walking into the centre of town.*

MOVED CR WATERSTON SECONDED CR BEALES

That:

- 1 The CEO has Council engineers undertake further assessment of the viability of the crossings identified;
- 2 The CEO has detailed design undertaken for a pedestrian crossing in Ingor St in proximity to the Post Office and the bus stop, and if financially viable undertake construction of the crossing; and
- 3 The CEO has site selection and preliminary design undertaken for a crossing location that will provide safe pedestrian access for students from St Mary's and Ararat Primary Schools walking into the centre of town.

CARRIED 4872/23

ATTACHMENTS

There are no attachments relating to this item.

Cr Allgood returned to the Chamber at 6:46pm.

SECTION 4 – INFORMATION REPORTS

4.1 2023/2024 CAPITAL WORKS PROGRAM – SEPTEMBER 2023

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 9655

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Council adopted its 2023/2024 Capital Works Program as a key element of the 2023/2024 Budget. The 2023/24 budget has a strong focus on infrastructure with a \$9.5 million investment in capital works.

Major works including the following:

- Stage one of the Ararat Leisure Centre, urban gravel to seal road upgrades, and maintaining and repairing rural and urban roads and drainage.

DISCUSSION

Council's 2023/2024 Capital Works Program continues to be substantially different to previous years, the program does not have a number of major road and bridge construction and will continue to undertake a "small targeted" capital works program.

The emphasis for 2023/2024 is on renewal and updating Council assets, undertaking a larger number of smaller projects of lower value to avoid the impacts of price volatility in the market. Using this approach will also provide opportunities to leverage in-house capability, support local employment and engagement of local contractors.

The capital works program has had an emphasis on the following areas:

- An enhanced road reseal program
- Improvement to urban drainage
- Upgrades to the footpath network
- A major urban road gravel to seal program
- Commencement of Mt William Road Reconstruction works
- Stage One of the Ararat Leisure Centre Upgrades

The capital work budget is currently 25% spent to 18 September 2023. This is achieving our quarterly target with end of month invoices still to be provided. This has taken a whole team effort to achieve this result. The first quarter of the 2023/2024 financial years has seen significant works in road resheeting being undertaken with almost 35% of the available budget being expended and the small property capital projects having expended 46% of the current budget.

	Budget	Committed/ Contracted	Complete	Notes
PROPERTY -CAPITAL	\$400,000			
Property Capital		\$119,632	\$65,911	These works are made up of a series of smaller projects. Projects include upgrade of the town hall square lighting and power, Willaura Memorial Hall Kitchen installation and bluestone works at the Alexandra Gardens Fernery.
Ararat Fitness Centre Stage 1	\$950,000	\$158,085		Work has commenced with the Architect to commence detailed design of stage one of the Ararat Fitness Centre redevelopment.
TOTAL PROPERTY		\$277,717	\$65,911	
PLANT & EQUIPMENT	\$40,000			
Plant and Vehicles			\$72,909	Quarter 1 Bookstock payment has been made.
Book stock - Library			\$13,702.41	
Book Replacement				
TOTAL PLANT & EQUIPMENT			\$86,611	
Gravel Road Sheeting & Gravel Road Widening	\$2,800,000	\$74,812	\$902,147	The 23/24 Resheeting and Road Widening program has commenced well even with the wet weather conditions. These works will continue over the financial year.
Reseal Program	\$1,000,000	\$534,490		Feature survey and native flora and fauna reporting is being undertaken for road widening on Rhymney Rd and Buangor Ben Nevis Rd. Road reseal program will commence in October 2023, the full extent of this years program is expected to be complete before Christmas.
Mt William Road	\$1,000,000	\$97,740		Documentation is being prepared for the first section of Mt William Road Reconstruction. Stone has been ordered for works.
Urban Road Gravel to Seal	\$2,200,000	\$48,310		Feature surveys have been completed and design works are commencing for roads nominated in this years program. Ironbark Lane is due to start in the coming month.
Major Patching			\$4571	Major patching works are commencing the inspection phase.
Footpath Renewal Program	\$400,000	\$101,493	\$16,820	Works have been awarded for the George Road Pedestrian Refuge adjacent

				to the Ararat West Primary School, these works will be completed in the September school holidays. Works have commenced for new footpath in Main Street, Willaura adjacent to the railway station back to Delacombe Way. Works have been approved for new footpath in Albert Street, Ararat. Footpath connections and condition assessments are being completed inhouse.
Urban Drainage Works	\$750,000	\$131,602	\$2161	Works have commenced in in Golf Links Road, Ararat and Thompson and Kneale Street, Ararat – works are expected to commence in October 2023.
TOTAL INFRASTRUCTURE		\$988,447	\$925,699	
TOTAL CAPITAL WORKS		\$1,266,164	\$1,078,221	

There are also recreation facilities projects that were funded in the 2021/2022 budget that have extended beyond the single financial year. The committed expenditure includes contracts entered for construction of various elements of the projects. The table below provides a summary of these projects:

Capital Work Element	Committed expenditure	% complete	Notes
Gordon St Recreation Reserve	\$4,590,641	97%	The project is running on time and very close to budget. The alterations to the fields are being completed inhouse.
Buangor Recreation Reserve Kitchen Extension	\$40,520	15%	Project halted due to huge variations in construction pricing. The project has been out to the market and came in with a significant price difference between the cost plan and the pricing received from the tenderers. This project will be withdrawn.
Lake Bolac Golf Club Kitchen	\$197,520	91%	Works are being undertaken by Build Forth, from Ballarat, works are expected to be complete in October 2023.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The key financial drivers align strongly with the thrust of the Council Plan 2021-2025, particularly the following:

- 4.1 Ensure that asset development and renewal during the planning period matches that identified in Council's Asset Plan 2021-2031.
- 4.2 Work directly with asset users to manage and develop new and existing assets.
- 4.3 Deliver infrastructure outcomes that support economic growth, promote community wellbeing and safety and align with Council's financial sustainability.
- 6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation, and rating fairness.

Budget Implications

The 2023/2024 Capital Works Program represents a significant element of Council's 2023/2024 Budget. In the current civil construction market, it is essential that Council manages capital works expenditure carefully to ensure budget outcomes are met.

Policy/Relevant Law

The 2023/2024 Capital Works Program complies with the program funded in the 2023/2024 Budget.

Sustainability Implications

There are no environmental sustainability implications. Council is mindful of considering new innovative approaches to improve its sustainability and environmental footprint as a part of the Capital Works program.

Risk Assessment

The 2023/2024 Capital Works Program was developed as a mitigation of the financial risks associated with market volatility currently being experienced in the civil and building construction sectors.

Innovation and Continuous Improvement

Development of the 2023/2024 Capital Works Program represented an agile response to market conditions. A capacity to rework strategy based on a changing environment is a critical element in developing an innovative organisation.

Stakeholder Collaboration and Community Engagement

The 2023/2024 Capital Works Program has been developed as an element of the 2023/2024 Budget. There was extensive community engagement undertaken prior to adoption.

RECOMMENDATION

That the 2023/2024 Capital Works Program - September 2023 report be received.

**MOVED CR BURRIDGE
SECONDED CR BEALES**

That the 2023/2024 Capital Works Program - September 2023 report be received.

CARRIED 4873/23

ATTACHMENTS

There are no attachments in relation to this item.

SECTION 5- COMMITTEE MINUTES/REPORTS

5.1 AUDIT AND RISK COMMITTEE MEETING

AUTHOR'S TITLE: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 11734

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

This report contains the minutes of the Audit and Risk Committee meeting held on 05 September 2023.

DISCUSSION

Minutes of Audit and Risk Committee meetings are provided to Council at the first available opportunity after clearance by the Audit and Risk Committee Chairperson. The report contains the Audit and Risk Committee Meeting held on 05 September 2023.

Council Committees	Councillor representative	Current meeting (as presented)	Next scheduled meeting/s
Audit and Risk Committee	Cr Jo Armstrong	05 September 2023	05 December 2023
Audit and Risk Committee	Cr Henry Burrridge	05 September 2023	05 December 2023

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The report supports the strategic objective of the Council Plan 2021-2025:

6 Strong and Effective Governance

Budget Implications

No budget impact for the receiving of minutes.

Policy/Legal/Statutory

Section 53 of the *Local Government Act 2020* states that Council must establish an Audit and Risk Committee.

Section 6.1 of the *Audit and Risk Committee Charter* states that minutes of Committee meetings will be provided to Council at the first available opportunity after clearance by the Committee Chairperson following each Committee meeting.

Risk Assessment

Council needs to be aware of issues raised in the minutes.

Stakeholder Consultation and Communication

Audit and Risk Committee members.

Councillor representation on Council Committees.

Chief Executive Officer and relevant Council officers.

RECOMMENDATION

That the Audit and Risk Committee Meetings minutes of 05 September 2023 be received.

**MOVED CR BEALES
SECONDED CR R ARMSTRONG**

That the Audit and Risk Committee Meetings minutes of 05 September 2023 be received.

CARRIED 4874/23

ATTACHMENTS

The Audit and Risk Committee minutes as listed above are provided as Attachment 5.1.



MINUTES

Audit and Risk Committee

Tuesday 05 September 2023

Location: CEO's Office,
59 Vincent St, Ararat

Commenced at 1:06 pm

Audit and Risk Committee:

Cr Jo Armstrong (Mayor)

Cr Henry Burridge

Ms Jessica Adler (Chair)

Mr Robert Tommasini

Mr Ryan Schischka

In attendance:

Dr Tim Harrison

Mr Bradley Ead

Ms Karissa Hogan

Mrs Chandra Willmott

Ms Josie Frawley

05 SEPTEMBER 2023
AUDIT AND RISK COMMITTEE MINUTES
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SECTION 1 – PROCEDURAL MATTERS

1.1 APOLOGIES

There are no apologies.

1.2 DECLARATION OF DISCLOSURE OF INTERESTS

Disclosure of Interests are to be made immediately prior to any relevant item being discussed.

1.3 CONFIRMATION OF MINUTES

MOVED ROBERT TOMMASINI
SECONDED JESSICA ADLER

That the Minutes of the Internal Audit and Risk Committee Meeting held on 06 June 2023 were received.

CARRIED

05 SEPTEMBER 2023
AUDIT AND RISK COMMITTEE MINUTES
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SECTION 2- CEO UPDATE

2.1 CEO UPDATE – **CONFIDENTIAL**

The CEO's report was received verbally.

RECOMMENDATION

That the CEO's report be received.

OUTCOME

The CEO's report was received.

ATTACHMENTS

There are no attachments in relation to this item.

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SECTION 3- FINANCE AND PERFORMANCE REPORTING

3.1 REVIEW THE ANNUAL FINANCIAL REPORT AND ANNUAL PERFORMANCE STATEMENT

3.1 FINANCIAL STATEMENTS AND PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

BACKGROUND

Part of the Audit and Risk Charter requires that the Audit and Risk Committee review the draft Annual Financial Report and the draft Annual Performance Statement.

DISCUSSION

Council's external auditors have been completing the end of year audit remotely. The draft Financial Statements and draft Performance Statement compiled by Council officers have been sent to the auditors for review. These Statements may change depending on the outcomes of the auditor's review.

Financial Report

The Draft Comprehensive Income Statement shows total income in 2023 of \$38.445 million compared with \$36.620 million in 2022. Rates & Charges income increased by \$0.180 million, Government Grants for operations increased by \$2.365 million, and Government Grants for capital works decreased by \$1.657 million.

Council received the following non-recurrent operating grants in 2023:

	Budget 2022/23 \$'000	Income 2022/23 \$'000	Unearned Income \$'000
Non-Recurrent Operating Grants			
Women Building Surveyors Program	-	62	-
Household Recycling Reform	-	98	-
Education and Behaviour Change Grant	-	35	-
New Arrivals Settlement Program	-	352	44
Pilot Coordination Grampians Workforce	-	176	50
Business Concierge & Hospitality Support Program	-	57	-
Aradale Solution-Economic & Social Development Strategy	-	500	-
Ararat Housing Transition	-	-	300
Digital Twin Victoria	-	46	954
Free Public WiFi Services	-	80	1,149
LSIF Ararat Bowls Club Lighting	-	41	-
Rural Roads Support Program	-	-	56
Supported Playgroups	60	63	-
Council Flood Support Fund	-	500	-
Unlocking Ararat North East	-	85	-
Community Recovery Officer Grant	-	128	-
Kindergarten Infrastructure and Services Plan (KISP) Support Grant	-	42	-
Community Recovery Hubs Grant	-	145	-
Council COVID-19 Rapid Antigen Test Program	-	90	-

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COVID Safe Outdoor Activation Fund	-	108	-
Rural Councils Transformation Project	-	233	-
Power our Future!! Tatyoon Recreation Reserve	-	22	20
Other Minor Grants	30	108	20
	90	2,971	2,593

Council received the following non-recurrent capital grants in 2023:

	Budget 2022/23 \$'000	Income 2022/23 \$'000	Unearned Income \$'000
Non-Recurrent Capital Grants			
Gordon Street Recreation Reserve Development	-	2,550	-
Delacombe Way	-	64	-
Wilson Street	-	26	-
Urban Drainage Works	-	386	-
Ararat East Development Zone Trunk Infrastructure Project	-	467	419
Transfer Station Upgrade Fund	-	133	-
COVID Safe Outdoor Activation Fund	-	-	-
Pollands Bridge	-	267	-
Power Your Future	-	-	-
Ararat Regional Playgrounds All Abilities Redevelopment	-	162	-
	0	4,055	419

Total expenses in 2023 were \$33.682 million compared with \$29.264 million in 2022, an increase of \$4.418 million. A breakdown of expenses reveals an increase in materials and services costs of \$2.974 million which can be attributed to the increased operating expenditure required to deliver the outcomes for the additional operating grants, and Council also incurred over \$1.590 million for emergency and reinstatement works related to the October 2022 flood event. Employee costs have increased by \$0.228 million. Depreciation has increased by \$1.216 million based on the revaluation of infrastructure as at 30 June 2022.

The surplus for 2023 was therefore \$4.763 million compared with a surplus of \$7.356 million in 2022.

The revaluation of property assets at 30 June 2023 has resulted in an increase in value of \$3.380 million and the revaluation of infrastructure assets at 30 June 2023 has resulted in an increase in value of \$10.844 million.

The Cash Flow Statement shows a net decrease in cash and cash equivalents of \$10.058 million compared with a decrease of \$1.534 million in 2022. The decrease in 2023 includes \$8 million which Council has transferred into a term deposit for a six-month term and these funds are no longer included in the cash and cash equivalents balance.

The Cash Flow Statement shows net cash provided by operating activities was \$8.919 million in 2023 compared with \$15.137 million in 2022, representing a decrease of \$6.218 million. This is largely due to a decrease in capital grants of \$5.252 million and an increase in materials and services expenditure of \$1.924 million.

Net cash used in investing activities (e.g. payments for property, infrastructure, plant and equipment) was \$19.598 million in 2023 compared with \$14.479 million in 2022, representing an increase of \$5.119 million. Council has

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invested \$8 million into a term deposit, as well as a \$0.500 million contribution to its joint venture, Ararat Housing Enterprise Pty Ltd.

Net cash used in financing activities was \$0.621 million in 2023 compared with \$2.192 million in 2022.

The Statement of Capital Works shows \$11.586 million invested in 2023 compared with \$14.664 million in 2022, a decrease of \$3.078 million. Total Infrastructure works decreased by \$6.140 million with several projects delayed due to unfavourable weather conditions, and a lower budget allocated towards infrastructure for 2023.

Performance Statement

The Victorian Government has introduced a mandatory system of performance reporting which prescribes performance information to be included on Council's annual reports.

"Councils must describe the prescribed indicators and measures in the performance statement, so it is clear to the audience what is being measured. In addition, the performance statement must include the results achieved in relation to the prescribed service performance outcome, financial performance and sustainable capacity for the financial year and three preceding years.

For the financial performance indicators and measures, the performance statement must also include the forecast results for four years based on the financial statements included in the strategic resource plan.

Reporting trend information helps the reader understand changes in Council performance over time and acts as a point of reference for results. The regulations require that Councils must also provide an explanation of any material variations in the results between the current year and other years disclosed, to enable the reader to form an understanding of the reason for the variation".

Part of the performance reporting framework includes the State Government setting expected ranges for each indicator. Based on the draft financial statements and performance statement Council is within the expected range for most indicators. The reasons for the material variations are included in the performance statement.

The draft Financial Statements and Performance Statement included in this agenda are still subject to change based on the feedback from either Johnsons MME or by the Auditor General.

RECOMMENDATION

That the Audit and Risk Committee recommends:

1. Council authorise Cr Jo Armstrong, Cr Henry Burrridge (Audit and Risk Committee Members) and Dr. Tim Harrison, Chief Executive Officer to certify the Financial Statements in their final form, and
2. Council authorise Cr Jo Armstrong, Cr Henry Burrridge and Dr. Tim Harrison, Chief Executive Officer to certify the Performance Statement in its final form.

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MOVED JESSICA ADLER
SECONDED ROBERT TOMMASINI

That the Audit and Risk Committee recommends:

1. Council authorise Cr Jo Armstrong, Cr Henry Burrridge (Audit and Risk Committee Members) and Dr. Tim Harrison, Chief Executive Officer to certify the Financial Statements in their final form, subject to VAGO's review, and
2. Council authorise Cr Jo Armstrong, Cr Henry Burrridge and Dr. Tim Harrison, Chief Executive Officer to certify the Performance Statement in its final form, subject to VAGO's review.

CARRIED

ATTACHMENTS

The Draft Financial Statements and Draft Performance Statements are included as Attachment 3.1.1

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SECTION 4 – INTERNAL CONTROLS

4.1 ACCOUNTING FOR PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT (PIPE) POLICY

BACKGROUND

The purpose of this policy is to:

- Prescribe the principles required for the recognition, recording and accounting for Council's fixed asset and capital expenditure transactions. This includes acquisition, valuation, disposal and depreciation.
- Ensure Council meets the requirements of the Local Government Act, Australian Accounting Standards and the Local Government Model Financial Report.

This policy is applicable to all Council fixed asset accounting activities and is binding on all staff responsible for capturing transactions related to Council's capital expenditure and fixed assets

DISCUSSION

This manual describes how Council accounts for assets which deliver services to the community. It also provides guidance on the accounting treatment of property, infrastructure, plant and equipment in accordance with the Local Government Act 2020 and relevant Accounting Standards.

Accurate recording of Council's property, infrastructure, plant and equipment is an important function of Finance. The function ensures the proper management and control of resources and achieves a balance between short-term and longer-term benefits to current and future ratepayers.

This policy was developed to provide increased clarity and consistency around the accounting processes used by Council.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6. Strong and Effective Governance

Budget Implications

There are no budget implications in relation to the development of the PIPE policy.

Policy/Relevant Law

Local Government Act 2020
Australian Accounting Standards

Sustainability Implications

Environmental, social and economic impacts have been considered in the development of the PIPE policy.

Risk Assessment

The development of the PIPE policy will ensure that Council meets its legislative requirements.

Innovation and Continuous Improvement

N/A

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Stakeholder Collaboration and Community Engagement

The Chief Executive Officer and relevant Council officers have discussed the policy to ensure it is in accordance with the Local Government Act 2020 and relevant Accounting Standards.

RECOMMENDATION

That the Accounting for Property, Infrastructure, Plant & Equipment Policy be adopted.

OUTCOME

The Accounting for Property, Infrastructure, Plant & Equipment Policy be carried forward to the December 2023 Audit & Risk Committee meeting.

NOTED

ATTACHMENT

The Accounting for Property, Infrastructure, Plant and Equipment Policy is provided as Attachment 4.1.

Note: The Committee did not receive the Attachment with enough time to adequately review it, therefore, it will be carried forward and presented at the December 2023 Audit & Risk Committee.

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4.2 BRIDGES AND MAJOR CULVERTS ASSET MANAGEMENT PLAN

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Asset plans as referred to in the Local Government Act 2020, are community facing documents that show how Council assets will be managed and maintained, while meeting the community's needs and interests.

Assets managed by Local Government include an extensive network of local roads and other assets such as land, buildings, parks and recreation facilities. Good asset management is critical to the asset intensive nature of Local Government, particularly for rural council's with higher operating costs of assets, it is important to consider the needs, demands and expectations of communities and to deliver services from infrastructure assets in a sustainable and affordable way.

The plan was then adopted unanimously by Council at the 29 August 2023 Council Meeting.

DISCUSSION

The fundamental purpose of the Bridge and Major Culvert Management Plan is to improve Council's long term strategic management of its bridge and major culvert infrastructure. This plan communicates the actions required for the responsible management of assets and the associated services provided, compliance with regulatory requirements and funding needed to provide the required levels of service to the community.

Bridge infrastructure is spread throughout Ararat Rural City Council with bridge volume exceeding 200 units. Bridges within the municipality are typically providing the purpose of road linkage over a body of water such as a river or stream. The Hopkins River and its associated tributaries such as the Fiery Creek and Mt Emu Creek account for a significant number of bridge crossings within the municipality.

The intent of this document is to outline the approach used by Ararat Rural City Council in managing its bridge network. This plan covers the entire lifecycle of all elements of managing the bridge network including but not limited to:

- Construction and Capital Works.
- Maintenance.
- Inspection and Health Assessment.
- Asset Register and Data.
- End of life/Renewal.
- Valuation.
- Incident Management.
- Reporting.

Council will execute the management of its Road and Transport network aligned with the approach outlined in this plan.

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The plan is structured into components representing operational areas of the council called 'services'. The responsibilities that exist within those services combine towards a whole of organisation approach to asset management.

Council service lines included in this plan are:

- Asset Management
- Depot Operations
- Finance
- Engineering
- Procurement
- Customer Services
- Governance
- Occupational Risk and Safety
- Organisational Transformation

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

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.

- 4.1 Ensure that asset development and renewal during the planning period matches that identified in Councils Asset Plan 2021-2031.
- 4.2 Work directly with asset users to manage and develop new and existing assets.

Budget Implications

The costs associate with reviewing the Asset Management Plans are allocated in the current budget.

Policy/Relevant Law

- Road Management Act 2004
- Transport Act 1983
- Road Safety Act 1986 (Amended 2004)
- Roads to Recovery Act 2000
- Subdivisions Act 1988
- Disability Discrimination Act 1992
- Catchment and Land Protection Act 1994
- Flora and Fauna Guarantee Act 1988
- Environment Protection and Biodiversity Conservation Act 1999
- Building Codes
- Water Act 1989
- Aboriginal Heritage Act 2006
- Aboriginal Heritage Amendment Act 2016
- Local Government Act 2020 & 1989
- Ararat Rural City Council Road Management Plan
- Ararat Rural City Council Plan 2021 – 2025
- Ararat Rural City Council Financial Plan 2021-2031
- Ararat Rural City Council Asset Plan 2021-2031

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- Ararat Rural City Council Road Register

Sustainability Implications

The asset management plan is considered within the following future impacts in mind:

- Climate change
- Service delivery
- Demographic change
- Emerging technologies and practices
- Political environments
- Asset volume (including duplication, redundancy, and scarcity)
- Asset condition
- Financial capacity

Risk Assessment

The Bridges and Major Culverts Asset Management Plan is one of the risk management measures in relation to the management of bridges and major culvert assets. There is no significant risk in application of the plan. Council officers will ensure that the Plan is implemented across the organisation.

Innovation and Continuous Improvement

The introduction of strategic planning principles, and the integrated approach to planning, monitoring and performance reporting allows for continuous improvement and innovation opportunities to be utilised through the life cycle of Council's assets.

Stakeholder Collaboration and Community Engagement

The review of the Road and Transport Asset Management Plan has been carried out through internal consultation with relevant officers.

The Chief Executive Officer briefed Councillors on the plan at the Council Briefing held on 15 August 2023.

The plan was then adopted unanimously by Council at the 29 August 2023 Council Meeting.

RECOMMENDATION

That the Bridge and Major Culvert Asset Management Plan report be received.

OUTCOME

The Bridge and Major Culvert Asset Management Plan report was received.

NOTED

ATTACHMENTS

The Bridge and Major Culvert Asset Management Plan is provided as Attachment 4.2.

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4.3 ROAD AND TRANSPORT ASSET MANAGEMENT PLAN

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:
Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Asset plans as referred to in the Local Government Act 2020, are community facing documents that show how Council assets will be managed and maintained, while meeting the community's needs and interests.

Assets managed by Local Government include an extensive network of local roads and other assets such as land, buildings, parks and recreation facilities. Good asset management is critical to the asset intensive nature of Local Government, particularly for rural councils with higher operating costs of assets, it is important to consider the needs, demands and expectations of communities and to deliver services from infrastructure assets in a sustainable and affordable way.

The plan was then adopted unanimously by Council at the 29 August 2023 Council Meeting.

DISCUSSION

The fundamental purpose of the Road and Transport Asset Management Plan is to improve Council's long term strategic management of its road and transport infrastructure. This plan communicates the actions required for the responsible management of assets and the associated services provided, compliance with regulatory requirements and funding needed to provide the required levels of service to the community.

The intent of the document is to outline the approach used by Ararat Rural City Council (Council) in managing its Roads and Transport network. This plan covers the entire lifecycle of managing the Roads and Transport assets including but not limited to:

- Construction and Capital Works.
- Maintenance.
- Inspection and Health Assessment.
- Asset Register and Data.
- End of life/Renewal.
- Valuation.
- Incident Management.
- Reporting.

Council will execute the management of its Road and Transport network aligned with the approach outlined in this plan.

The plan is structured into components representing operational areas of the council called 'services'. The responsibilities that exist within those services combine towards a whole of organisation approach to asset management.

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Council service lines included in this plan are:

- Asset Management
- Depot Operations
- Finance
- Engineering
- Procurement
- Customer Services
- Governance
- Occupational Risk and Safety
- Organisational Transformation

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

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.

4.1 Ensure that asset development and renewal during the planning period matches that identified in Councils Asset Plan 2021-2031.

4.2 Work directly with asset users to manage and develop new and existing assets.

Budget Implications

The costs associate with reviewing the Asset Management Plans are allocated in the current budget.

Policy/Relevant Law

- Road Management Act 2004
- Transport Act 1983
- Road Safety Act 1986 (Amended 2004)
- Ministerial Code of Practice – Road Management Plans (September 2004)
- Road Management Act 2004 – Code of Practice – Operational Responsibilities for Public Roads (December 2004)
- Road Management Act 2004 – Code of Practice – Management of Road and Utility Infrastructure in Road Reserves
- Ararat Rural City Council - Neighbourhood Amenity Local Law 2022
- Roads to Recovery Act 2000
- Subdivisions Act 1988
- Disability Discrimination Act 1992
- Catchment and Land Protection Act 1994
- Flora and Fauna Guarantee Act 1988
- Environment Protection and Biodiversity Conservation Act 1999
- Building Codes
- Water Act 1989
- Aboriginal Heritage Act 2006
- Aboriginal Heritage Amendment Act 2016
- Local Government Act 2020 & 1989
- Ararat Rural City Council Road Management Plan
- Ararat Rural City Council Plan 2021 – 2025

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- Ararat Rural City Council Financial Plan 2021-2031
- Ararat Rural City Council Asset Plan 2021-2031
- Ararat Rural City Council Road Register

Sustainability Implications

The asset management plan is considered within the following future impacts in mind:

- Climate change
- Service delivery
- Demographic change
- Emerging technologies and practices
- Political environments
- Asset volume (including duplication, redundancy and scarcity)
- Asset condition
- Financial capacity

Risk Assessment

The Road and Transport Asset Management Plan is one of the risk management measures in relation to the management of roads and pathways. There is no significant risk in application of the plan. Council officers will ensure that the Plan is implemented across the organisation.

Innovation and Continuous Improvement

The introduction of strategic planning principles, and the integrated approach to planning, monitoring and performance reporting allows for continuous improvement and innovation opportunities to be utilised through the life cycle of Council's assets.

Stakeholder Collaboration and Community Engagement

The review of the Road and Transport Asset Management Plan has been carried out through internal consultation with relevant officers.

The Chief Executive Officer briefed Councillors on the plan at the Council Briefing held on 15 August 2023.

The plan was then adopted unanimously by Council at the 29 August 2023 Council Meeting.

RECOMMENDATION

That the Road and Transport Asset Management Plan report be received.

OUTCOME

The Road and Transport Asset Management Plan report was received.

NOTED

ATTACHMENTS

Road and Transport Asset Management Plan is provided as Attachment 4.3

SECTION 5- RISK MANAGEMENT

Nil.

SECTION 6- FRAUD PREVENTION

Nil.

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SECTION 7- INTERNAL AUDIT

7.1 MONITOR ACTION BY MANAGEMENT ON INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS

7.1.1 INTERNAL AUDIT- AUDIT REVIEW OUTCOMES UPDATE

BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. Council has reviewed the recommendations made by the Internal Auditor in relation to the internal audit reviews and these are presented as an attachment to this report.

DISCUSSION

An Audit Review Outcomes Action Plan was developed to capture the recommendations highlighted in the various internal audits conducted by AFS.

The Audit Review Outcome Action Plan lists the recommendations and subsequent outcomes and projected completion dates.

RECOMMENDATION

The Audit Review Outcomes Update report be received.

OUTCOME

The Audit Review Outcomes Update report was received.

NOTED

ATTACHMENTS

The Audit Review Outcomes Update report is included as Attachment 7.1.1.

Note: This attachment will be circulated to the Audit & Risk Committee once officer updates have been completed.

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7.2 STRATEGIC INTERNAL AUDIT PROGRAM STATUS UPDATE

BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. This report outlines the audit program that AFS will undertake over the next three years.

DISCUSSION

AFS & Associates have provided the current status of the Internal Audit Program.

The Past Issues Review audit has just recently been marked as complete, as of May 2023.

The recommendations that have been accepted by management, from the above audit will be presented at the September 2023 Audit & Risk Committee Meeting.

The Maternal Health & Child Care audit was conducted during June 2023 and is currently in draft status.

The Procurement audit is currently in the process of being conducted.

The next three audits are scheduled to be conducted in November 2023 include:

- Services Performance – measuring, reporting, and monitoring
- Past Issues Review (optional)
- Review of forward Internal Audit Program

RECOMMENDATION

The Strategic Internal Audit Program Status Update report was received.

OUTCOME

The Strategic Internal Audit Program Status Update report was received.

NOTED

ATTACHMENTS

The Strategic Internal Audit Program Status Update report is provided as Attachment 7.2

Note: The Maternal Health & Child Care and Procurement audits will be presented at the December 2023 meeting.

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7.3 INTERNAL AUDIT – PAST ISSUES REVIEW

BACKGROUND

AFS & Associates are Council's Internal Auditors. This report outlines the recommendations that have now been deemed complete, since the previous review in December 2022.

DISCUSSION

AFS & Associates have provided their past issues report. There are 15 recommendations deemed complete since their last review.

The work undertaken by AFS & Associates involved:

- Discussions with the CEO and key personnel
- Site visit to the Ararat offices
- Review and examination of documentation supporting the action taken against the previous recommendations.

RECOMMENDATION

The Past Issues Review report be received.

OUTCOME

The Past Issues Review report was received.

NOTED

ATTACHMENTS

The Internal Audit past issues report is provided as Attachment 7.3

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SECTION 8- EXTERNAL AUDIT

8.1. REVIEW CHANGES TO THE LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

8.1.1 FINANCIAL AND PERFORMANCE REPORTING FRAMEWORK CHANGES- LOCAL GOVERNMENT BETTER PRACTICE GUIDE

BACKGROUND

Part of the Audit and Risk Charter requires that the Audit and Risk Committee Review changes to the Local Government Performance Reporting Framework.

DISCUSSION

The Local Government Performance Reporting Framework's (LGPRF) primary objective is to provide comprehensive performance information that meets the needs of a number of audiences. Local Government Victoria provide Councils with updates to the Local Government Performance Reporting Framework.

The Summary of Changes document outlines the key changes that were made from 2022-2023 to 2023-2024.

The changes were made after sector consultation during the Technical Working groups in 2021. The changes are grouped into two sections, changes that take effect from 1 January 2023 and changes taking effect from 1 July 2023.

The following table outlines the changes to the framework as of 1 January 2023:

1. Introduction of target setting

Service measures	Financial measures
G2 - Governance – Consultation and engagement Satisfaction with community consultation and engagement (community satisfaction rating out of 100 with the consultation and engagement efforts of Council)	E2 - Financial efficiency – Expenditure Expenses per property assessment (total expenses per property assessment)
SP2 - Statutory Planning – Service standard Planning applications decided within the relevant required time (percentage of planning application decisions made within the relevant required time)	S1 - Financial stability – Rates concentration Rates compared to adjusted underlying revenue (rate revenue as a percentage of adjusted underlying revenue)
R2 - Roads - Condition Sealed local roads below the intervention level (percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal)	L1 - Financial liquidity – Working capital Current assets compared to current liabilities (current assets as a percentage of current liabilities)
WC5 - Waste management – Waste diversion Kerbside collection waste diverted from landfill (percentage of recyclables and green organics collected from kerbside bins that is diverted from landfill)	O5 - Financial obligations – Asset renewal Asset renewal compared to depreciation (asset renewal and upgrade expense as a percentage of depreciation)

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2. Amendments to the Performance Statement

Current	Replacement
G5 - Governance - Satisfaction Satisfaction with Council decisions (community satisfaction rating out of 100 with how Council has performed in making decisions in the best interests of the community)	G2 - Governance – Consultation and engagement Satisfaction with community consultation and engagement (community satisfaction rating out of 100 with the consultation and engagement efforts of Council)
SP4 - Statutory Planning – Decision making Council planning decisions upheld at VCAT (percentage of planning application decisions subject to review by VCAT and that were not set aside)	SP2 - Statutory Planning – Service standard Planning applications decided within the relevant required time (percentage of planning application decisions made within the relevant required time)
R5 - Roads – Satisfaction Satisfaction with sealed local roads (community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	R2 - Roads - Condition Sealed local roads below the intervention level (percentage of sealed local roads that are below the renewal intervention level set by Council and not requiring renewal)

Changes to the framework from 1 July 2023

The following items will have immediate impact from 1 July 2023 when Council is working on the annual reporting for the 2023-24 year

- 1. New and replacement indicators**
 - There are eleven changes across the service and financial indicators and the Governance and Management Checklist. A list can be found in Appendix A of the Attachment.
 - The full guidance and supporting templates will be released in February 2023.
 - These changes will take effect from 1 July 2023 and apply to the 2023-24 financial reporting year.
- 2. Reporting on targets**
 - Following the setting of targets in the 2023-24 Council Budget, councils will be required to report their actuals against these targets in their 2023-24 Annual Report.
 - Guidance for The LGPRF Performance Targets 2023-24 Guide will be released in February 2023.
- 3. Name change for the Reporting Template**
 - Moving forward, the Performance Reporting Template will be refreshed and renamed as the Local Government Model Sector Performance Report in alignment with similar templates offered by Local Government Victoria.
 - The Local Government Model Sector Performance Report will be released in February 2023.

RECOMMENDATION

That the Financial and Performance Reporting Framework changes report be received.

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OUTCOME

The Financial and Performance Reporting Framework changes report was received.

NOTED

ATTACHMENTS

Overview of Changes to LGPRF for 2023-2024 is provided as Attachment 8.1.1

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Presented by Mr Ryan Schiska via Microsoft Teams

8.2 EXTERNAL AUDIT- MANAGEMENT LETTER FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

BACKGROUND

The Victoria Auditor General appoints a service provider to undertake the annual financial audit. Mr Ryan Schischka of Johnsons MME has been appointed by the Victoria Auditor-General's office to undertake the annual financial audit for the year ending 30 June 2023.

DISCUSSION

At the time of preparing this agenda Johnsons MME was still completing the year end audit. The final management letter will be distributed as soon as it becomes available.

Mr Ryan Schischka is invited to attend the September 2023 meeting to provide an update on the Audit's progress.

RECOMMENDATION

That:

- 1 *The Management Letter Report for the financial year ending 30 June 2023 be received; and*
- 2 *The final management letter will be distributed to the Audit & Risk Committee members once it has been finalised.*

OUTCOME

- 1 The Management Letter Report for the financial year ending 30 June 2023 was received; and
- 2 The final management letter will be distributed to the Audit & Risk Committee members once it has been finalised.

NOTED

ATTACHMENTS

There are no attachments in relation to this item.

Note: Add actions that result from this audit to the actions spreadsheet

SECTION 9- COMPLIANCE

Nil

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SECTION 10- GENERAL BUSINESS

10.1 INDUSTRY UPDATE- RECENT REPORTS AND PUBLICATIONS OF INTEREST

BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. AFS have provided an Industry Update report to be included in the agenda. The Industry Update report lists recent reports and publications that may be of interest to Ararat Rural City Council.

DISCUSSION

The Industry Update report lists 10 recent articles and reports, covering a range of different topics from sources such as: IBAC, MAV, EPA Victoria and VAGO etc.

RECOMMENDATION

That the Industry Update report be received.

OUTCOME

The Industry Update report was received.

NOTED

ATTACHMENTS

The Industry Update report is provided as Attachment 10.1.

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10.2 OTHER- BIENNIAL REPORT TO COUNCIL

Note: This report will be circulated once complete.

BACKGROUND

Part of the Audit and Risk Committee Charter requires the Chairperson of the Audit & Risk Committee to prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum.

DISCUSSION

The Chairperson of the Audit & Risk Committee, Mr Brian Keane, is in the process of preparing an extensive report on the activities of the Audit & Risk Committee.

RECOMMENDATION

That the Chairpersons biennial report be received.

OUTCOME

The Chairpersons biennial report was received.

NOTED

ATTACHMENTS

The Chairpersons biennial report is included as Attachment 10.2

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SECTION 11 – FUTURE MEETINGS

11.1 FUTURE MEETING DATES

Future meetings of the Audit and Risk Committee are scheduled as follows:

- Tuesday 5 December 2023 1pm
- Tuesday 5 March 2024 1pm

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SECTION 12- NEXT MEETING/CHARTER ITEMS

September 2023		
Ref. from Charter		
5.1	Review significant accounting and external reporting issues	3.1
5.2	Review changes to the Local Government Performance Reporting Framework	8.1
5.3	Review the annual financial report and annual performance statement	3.1
5.4	Annual review of outcomes of the external audit with management and the auditors	8.2
5.5	Recommend the adoption of the annual financial report and annual performance statement to Council	3.1
5.14	Review Council's risk profile and the changes occurring in the profile	
5.23	Quarterly report to review progress on delivery of annual internal audit plan	7.2
5.24	Quarterly review and approve proposed scopes in the annual internal audit plan	7.2
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews	7.1.1
5.27	Monitor action by management on internal audit findings and recommendations	7.1.1
5.32	Discuss with the external auditor any audit issues encountered, including any restriction on scope of work or access to information	8.2
5.33	Quarterly review to ensure that managements responses to any external audit findings are acted upon in a timely manner	7.1.1
5.34	Quarterly review Victorian Auditor General's Office (VAGO) reports to assess the impacts on Council	7.1.1
5.36	Meet with the external auditor at least annually in the absence of management	
6	Biannual report to Council	10.2

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NEXT MEETING- DECEMBER 2023

December 2023	
Ref. from Charter	
5.6	Review the appropriateness of the format and content of periodic management financial reports and performance statements
5.7	Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment*
5.8	Determine whether systems and controls are reviewed regularly and updated where required*
5.9	Annual review of significant changes to key systems and consider impact of changes on Council's risk profile
5.14	Review Council's risk profile and the changes occurring in the profile
5.23	Quarterly report to review progress on delivery of annual internal audit plan
5.24	Quarterly review and approve proposed scopes in the annual internal audit plan
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews
5.27	Monitor action by management on internal audit findings and recommendations
5.33	Quarterly review to ensure that management's responses to any external audit findings are acted upon in a timely manner
5.34	Quarterly review Victorian Auditor General's Office (VAGO) reports to assess the impacts on Council
5.35	Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them
7	Annual performance evaluation
	Present Policy register each quarter
	Business Continuity Policy

The meeting closed at 2:30pm.

Councillor Allgood declared a Conflict of Interest in Item 5.1– Informal Meetings – due to being a member on the Green Hill Lake Development board.

Cr Allgood left the chamber at 6:50pm

SECTION 6– INFORMAL MEETINGS

6.1 INFORMAL MEETINGS

AUTHOR'S TITLE: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 13039074

OFFICER'S DECLARATION OF INTEREST

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The Governance Rules state that if there is a meeting of Councillors that:

- 1 is scheduled or planned for the purpose of discussing the business of *Council* or briefing Councillors;
- 2 is attended by at least one member of Council staff; and
- 3 is not a *Council meeting*, *Delegated Committee* meeting or *Community Asset Committee* meeting, the *Chief Executive Officer* must ensure that a summary of the matters discussed at the meeting are:
 - a) tabled at the next convenient *Council meeting*; and
 - b) recorded in the minutes of that *Council meeting*.

DISCUSSION

As a requirement of the Governance Rules, a summary of matters discussed at the Council Briefings held since the last Council Meeting are presented to Council and will be recorded in the minutes.

INFORMAL MEETINGS
Council Briefing held on 5 September 2023
Council Briefing held on 12 September 2023

Issues discussed at the briefing:

- Annual Accounts 2022/2023
- Performance Statement 2022/2023
- External Audit outcome
- Emergency Management arrangements – Summer 2023/2024
- Council Watch
- Alexandra Oval works
- Barkly St pop-up shops
- Rates arrears
- Planning Scheme plan and budget
- Tatyoon Recreation Reserve social rooms
- Green Hill Lake Development Board
- Alexandra strategic plan and orchid house redevelopment

- Ararat Regional Biolinks Network changes
- Walking tracks and cycle paths development
- Monthly building and planning reports
- Economic Development update

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The report supports the strategic objective of the Council Plan 2021-2025:

- 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.

Financial

There are no financial impacts for the receiving of Informal Meetings of Councillors.

Policy/Relevant Law

Reporting of Informal Meetings is in line with the requirements of the Governance Rules.

Risk Assessment

Following the requirements of the Governance Rules will ensure that Council meets its legislative requirements.

Stakeholder Collaboration and Community Engagement

A summary of matters discussed at the Council Briefings are presented for community information.

RECOMMENDATION

That the Informal Meetings of Councillors Report be received.

MOVED CR BEALES

SECONDED CR BURRIDGE

That the Informal Meetings of Councillors Report be received.

CARRIED 4875/23

ATTACHMENTS

The Summary of Council Briefings are provided as Attachment 6.1.

Cr Allgood returned to the Chamber at 6:51pm.

Councillor Briefing



Date: Tuesday 5 September 2023
Commencement: 5.00 pm
Location: Council Chamber, Shire Offices

Present

Councillors: Cr Jo Armstrong
Cr Rob Armstrong
Cr Gwenda Allgood
Cr Peter Beales
Cr Henry Burridge
Cr Bob Sanders

Officers: CEO, Dr Tim Harrison

Apologies: Cr Bill Waterston

Disclosure of Conflict of Interests

Disclosure of Interests are to be made immediately prior to any relevant item being discussed
(*Local Government Act 2020 - Section 131 and Chapter 5, Section 6 of the Governance Rules*).

Absence from Room			
Item No.	Councillor	Before Discussion	During Discussion
		Yes / No	Yes / No

Matters Considered:

1	Mayor's roundup
2	Annual accounts 2022/2023 and external audit outcome
3	Emergency management arrangements for Summer 2023/2024
4	Council Watch complaint
5	Alexandra Oval works
6	Barkly St pop-up shops

Dr Tim Harrison

SECTION 7 – NOTICES OF MOTION

A *notice of motion* must be in writing signed by a Councillor and be lodged with or sent to the *Chief Executive Officer* no later than 12.00pm (noon) and at least six (6) days prior to the Council Meeting to allow sufficient time for the *Chief Executive Officer* to include the *notice of motion* in agenda papers for a *Council meeting*.

There were no Notice of Motion items received.

SECTION 8– URGENT BUSINESS

Items cannot be admitted as urgent business other than by resolution of *Council* and only then if it:

- 1 relates to or arises out of a matter which has arisen since distribution of the *agenda*; and
- 2 cannot safely or conveniently be deferred until the next *Council meeting*.

There were no Urgent Business items received.

SECTION 9 – CLOSE SESSION (CONFIDENTIAL)

In accordance with section 66(2)(a), 3(1) *Confidential Information* (a) of the Local Government Act 2020, the following agenda items are listed for consideration in the confidential section:

- Item 9.1 – CEO Employment and Remuneration Committee update
- Item 9.2 – Councillor – Request for Leave of Absence

6:52PM CLOSURE OF COUNCIL MEETING TO THE PUBLIC

The Open Council Meeting will now be closed, but members of the public are welcome to rejoin the Council Meeting following the recommencement of the meeting.

RECOMMENDATION

That the meeting be closed to members of the public pursuant to section 66(2)(a) of the Local Government Act 2020 to consider confidential reports.

MOVED CR BURRIDGE
SECONDED CR BEALES

That the meeting be closed to members of the public pursuant to section 66(2)(a) of the Local Government Act 2020 to consider confidential reports.

CARRIED 4876/23

7:01PM OPEN COUNCIL MEETING RECOMMENCEMENT

RECOMMENDATION

That the Open Council Meeting recommence.

MOVED CR R ARMSTRONG
SECONDED CR WATERSTON

That the Open Council Meeting recommence.

CARRIED 4879/23

Gallery invited to return to Council Chamber.

LIFTING OF CONFIDENTIALITY OF CLOSED SESSION RESOLUTIONS

RECOMMENDATION

That the confidentiality of the report and decision in relation to 9.1 and 9.2 not be lifted on adoption of the motion.

MOVED CR R ARMSTRONG
SECONDED CR WATERSTON

That the confidentiality of the report and decision in relation to 9.1 and 9.2 not be lifted on adoption of the motion.

CARRIED 4880/23

I HEREBY CERTIFY THAT PAGES 7524 TO 7720 INCLUDING PAGES 581 TO 606 OF THE CLOSED SESSION ARE CONFIRMED AND ARE A TRUE AND CORRECT RECORD.

DEPUTY MAYOR – CR BOB SANDERS

Meeting closed at 7:02pm.