



Ararat Rural City

**SPECIAL
COUNCIL MEETING
AGENDA**

WEDNESDAY 25 OCTOBER 2017



Ararat Rural City

19 October 2017

Dear Councillors,

You are cordially advised and invited to attend a Special Council Meeting, which will be held in the Council Chamber, Shire Hall, 233-239 Barkly Street, Ararat on ***Wednesday 25 October 2017*** commencing at ***3.45pm***.

BUSINESS:

- 1 Traditional Acknowledgement/Prayer**
- 2 Apologies**
- 3 Disclosure of Interests**
- 4 Officer's Reports – Adoption of Annual Report 2016/2017**

Your attendance is respectfully requested.

Yours sincerely,

ALLAN BAWDEN
CHIEF EXECUTIVE OFFICER

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An audio recording of this meeting is being made for the purpose of verifying the accuracy of the minutes of the Council Meeting, Special Council Meeting or Assembly of Councillors. Recordings of Council Meetings and Special Council Meetings (excluding closed sessions) will be made available on Council's website.

1 – TRADITIONAL ACKNOWLEDGEMENT / PRAYERS

TRADITIONAL ACKNOWLEDGEMENT

WE ACKNOWLEDGE THE TRADITIONAL OWNERS OF THE LAND ON WHICH WE MEET TODAY, AND PAY OUR RESPECTS TO THEIR ELDERS, PAST AND PRESENT.

OPENING PRAYER

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 OATH

WE WILL UNDERTAKE THE DUTIES OF THE OFFICE OF COUNCILLOR IN THE BEST INTERESTS OF THE PEOPLE OF THE MUNICIPAL DISTRICT OF THE ARARAT RURAL CITY COUNCIL AND FAITHFULLY AND IMPARTIALLY CARRY OUT THE FUNCTIONS, POWERS, AUTHORITIES AND DISCRETIONS VESTED IN US UNDER THE LOCAL GOVERNMENT ACT 1989 OR ANY OTHER ACT TO THE BEST OF OUR SKILL AND JUDGMENT.

2 – APOLOGIES

MOTION

That the apology of Manager Executive Services and Governance, Mrs Jenny Woolcock be accepted.

3 – DISCLOSURE OF INTERESTS

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

Local Government Act 1989 Section 79 (2)

A Councillor or member of a special committee who has a conflict of interest and is attending the meeting of the Council or special committee must make a full disclosure of that interest -

- (a) by either -
 - (i) advising the Council or special committee at the meeting of the details required under paragraph (b) and (c) immediately before the matter is considered at the meeting; or
 - (ii) advising the Chief Executive Officer in writing of the details required under paragraphs (b) and (c) before the meeting; and
- (b) classifying the type of interest that has given rise to the conflict as either -
 - (i) a direct interest: or
 - (ii) an indirect interest and specifying the particular kind of indirect interest under section 78, 78A, 78B, 78C, 78D or 78E; and
- (c) describing the nature of the interest; and
- (d) if the Councillor or member advised the Chief Executive Officer of the details under paragraph (a) (ii), the Councillor or member must make a disclosure of the class of interest only to the meeting immediately before the matter is considered at the meeting.

Local Government Act 1989 Section 80C)

A person who is providing advice or a report to a meeting of the Council or a special committee, and who has a conflict of interest in a matter to which the advice or report relates, must disclose the constituting the conflict of interest when providing the advice or report and before the advice or report is considered by the Council or the committee.

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**ITEM 4.1 CONSIDERATION OF 2016/17 ANNUAL REPORT
17088389
AUTHOR:
MANAGER CORPORATE SUPPORT
DEPARTMENT:
ASSETS, FINANCE AND CORPORATE SERVICES**

Introduction

Section 131 of the Local Government Act 1989 (the Act) requires Council to prepare an Annual Report and hold a meeting to discuss the Annual Report (Section 134 of the Act) as soon as practicable after the Council has sent the report to the Minister.

The Act requires Council to submit the Annual Report to the Minister by 30 September and Council has complied with this requirement.

Copies of the Annual Report have been placed on display in the customer services department of the municipal offices. A copy of the Annual Report has also been placed on the Council's web site www.ararat.vic.gov.au.

Discussion

In accordance with Section 131 (2), an Annual Report must contain the following in respect of the financial year reported on:

- a) A report of operations of the Council
- b) An audited performance statement
- c) Audited financial statements
- d) A copy of the auditor's report on the performance statement, prepared under Section 132 of the Act
- e) A copy of the auditor's report on the financial statements under Part 3 of the Audit Act 1994, and
- f) Any other matter required by the regulations

Unqualified Audit Opinions on the Performance Statement and Financial Statements were received from the Auditor General on 27 September 2017.

Report of Operations

The Report of Operations is the primary means of advising the community about Council's operations and performance during the year ended 30 June 2017.

2016/17 represents the third year Council is required to report against a set of prescribed service, financial and sustainability performance indicators and measures, and a checklist of governance and management frameworks.

Additional information outlined in the attached Annual Report includes:

- A summary of Council's activities and performance
- Information on Council's service delivery
- Information pertaining to governance activities undertaken by Council

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- Information pertaining to the structure of our organisation
- Report on Council's compliance and accountability

Some significant highlights to note from the Report of Operations are as follows:

- Ararat Skate Park Community consultation group formed and designs prepared.
- Construction of the Pomonal Hall Redevelopment completed and official opening held
- Launch of Active8 2016.
- After many years of being closed the Ararat Outdoor Olympic Pool reopened for the summer season.
- Funding received for irrigation and drainage projects for Gordon Street Oval, Lake Bolac and Pomonal ovals.
- Moyston Hall redevelopment.
- Completion of the Buangor Township Plan in response to the Western Highway bypass.
- Entered into a Memorandum of Understanding with Northern Grampians Shire Council, Southern Grampians Shire Council, Horsham Rural City and Grampians Tourism for four years.
- Ararat Windfarm completes the construction of a 240 megawatt capacity windfarm.
- Completion of the Ararat Flood Study.
- Launched Council's new website.
- Elections in October 2016.

Performance Statement

The Performance Statement is prepared in accordance with the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014. The Performance Statement prescribes performance indicators to be included in Council's Annual Report.

The performance reporting framework requires Councils to upload the indicators included in the 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, which will allow the community to compare the performance result of Councils across Victoria. (www.knowyourcouncil.vic.gov.au)

Part of the performance reporting framework includes the State Government setting expected ranges for each indicator. Based on the audited financial statement and performance statement, Council is within the expected range for the majority of indicators.

Financial Statement

The financial statements included in the Annual Report are required to be prepared in accordance with applicable Australian Accounting Standards and the financial reporting requirements of the Local Government Act 1989. The financial statements include:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works

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Comprehensive Income Statement shows:

- Total Income in 2017 of \$32.961 million compared with \$26.359 million in 2016, an increase of \$6.602 million. Rates & Charges income increased by \$0.661 million, Government Grants for operations increased by \$5.34 million and Government Grants for capital works increased by \$0.497 million. The income in 2017 for the Federal Government funded Grants Commission financial assistance grant included the full allocation for 2017 plus an advanced payment for 2018. This has resulted in \$2.888 million more recognised as income in 2017. The Government Grants for capital works in 2017 included \$2.433 million in funding from the Federal Government for Roads to Recovery and \$0.230 million for Ritchies Bridge. User fees in 2017 were similar to 2016, totalling \$1.611 million. This equates to 4.89% of the total income received in 2017.
- Total expenses in 2017 were \$28.205 million compared with \$26.468 million in 2016, an increase of \$1.846 million. A breakdown of expenses reveals a decrease in employee benefits of \$0.059 million, an increase of \$1.8 million in materials and services and an increase of \$0.027 million in depreciation. The increase in materials and services is largely attributed to the flood recovery works completed during the year.
- The surplus for 2017 was therefore \$4.756 million compared with a deficit of \$0.109 million in 2016.

Balance Sheet shows:

- Total Current Assets in 2017 of \$20.757 million compared with \$16.058 million in 2016, an increase of \$4.699 million. Part of the increase can be attributed to the advanced payment of \$2.888 million from the Victorian Grants Commission and other grants received in 2017 where works will be completed in 2018. There were also other transfers to reserves for commitments for future capital works and loan repayments.
- Total Non-Current Assets in 2017 of \$169.022 million compared with \$168.219 million in 2016, an increase of \$0.803 million. The change is due to capital works being completed and depreciation being charged.
- Total Current Liabilities in 2017 of \$4.924 million compared with \$4.186 million in 2016, an increase of \$0.738 million. The major change here is attributed to the increase in Trade and Other Payables of \$0.669 million.
- Total Non-Current Liabilities in 2017 of \$2.195 million increased only marginally from the \$2.187 million in 2016.

Statement of Changes in Equity shows:

- Total Equity in 2017 of \$182.660 million compared with \$177.904 million in 2016, an increase of \$4.756 million. The change directly relates to the \$4.756 million surplus for the year. Funded reserves at the start of the year were \$10.229 million. During the year \$8.813 million was transferred to reserves and \$3.132 million transferred from reserves, leaving a balance of \$15.910 million at the end of the financial year. Part of the \$8.813 million transferred to reserves was the \$2.888 million grants commission allocation for 2018 which was paid in advance.

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Statement of Cash Flow shows:

- A net increase in cash and cash equivalents of \$5.223 million. Part of this increase can be attributed to the advanced payment of \$2.888 million from the 2017/18 Victorian Grants Commission and other grants received in 2017 where works will be completed in 2018. There were also other transfers to reserves for commitments for future capital works and loan repayments
- Net cash provided by operating activities was \$12.422 million in 2017 compared with \$6.528 million in 2016, representing an increase of \$5.894 million. This is largely due to \$2.888 million in grants commission funding relating to 2018 being paid in 2017. Council also received \$1.537 million from the State Government for various projects, including the Ararat Arts Precinct upgrade, Moyston Hall upgrade, Irrigation grants for sports ovals and a water slide at the Ararat Outdoor Pool
- Net cash used in investing activities (e.g. payments for property, infrastructure, plant and equipment) was \$7.106 million in 2017 compared with \$5.404 million in 2016. Capital works for 2017 included \$1.077 million for the Ararat Arts Precinct, \$0.446 million for the Moyston Hall, \$1.466 million for resealing roads, \$0.797 million for renewing bridges and \$0.509 million for drainage renewal works.
- Net cash used in financing activities was \$0.093 million in 2017, which is \$0.062 million less than the \$0.155 million in 2016. In 2016 there was \$0.061 million paid in loan principal.

Statement of Capital Works shows:

- Total capital works of \$7.362 million in 2017 compared with \$7.735 million in 2016, a decrease of \$0.373 million. Infrastructure works decreased by \$0.252 million and plant, machinery and equipment increased by \$0.191 million. Total property capital works decreased by \$0.312 million.

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POTENTIAL IMPLICATIONS ARISING FROM THIS ISSUE

Council plan reference

- 5.1 Good governance through leadership
- 5.5 Sustainable, long term financial management

Officer's Declaration of Interest

Under Section 80C of the *Local Government Act 1989* officers providing advice to Council must disclose any interests, including the type of interest.

No person involved in the preparation of this report has a direct or indirect interest requiring disclosure.

Financial and resource implications

There are no direct financial and resource consequences as a result of this report.

Risk implications

The risk implications as a result of this report are considered low.

Statutory Implications

Completion and circulation of the Annual Report is a key legislative requirement for all Councils.

Community Implications

None identified.

Environmental Implications

None identified.

Internal/external consultation

None identified.

Options

Council could:

- 1 Consider and adopt the Annual Report for 2016/2017.
- 2 Consider and not adopt the Annual Report for 2016/2017.

Attachments

The 2016/17 Annual Report is provided as an attachment.

Conclusion

The Annual Report is an important part of Council's commitment to open and accountable governance. It contains a report of operations, the audited financial statements and performance statement. It is recommended that Council consider and receive the Annual Report for 2016/2017.

Recommendation

That Council consider and adopt the Annual Report 2016/2017 as presented to this meeting in accordance with Sections 131 and 134 of the Local Government Act 1989 noting information contained in the report, including the Financial Report, Performance Report and associated Auditors Reports.