

INSPECTION REPORT: - EXISTING DWELLING & OUTBUILDINGS,**59 CARRS ROAD, BARKERS CREEK****20.04.23****Introduction.**

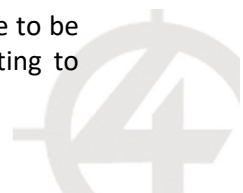
A site inspection was carried out on 04.08.2022, to investigate the structural adequacy of the existing dwelling and outbuilding at 59 Carrs Road, Barkers Creek. The inspection was requested by Tim Matheson to determine the integrity of the buildings in question.

Findings.**Dwelling**

The primary dwelling on the site consists of a sheet iron roof, blockwork and lightweight clad walls and timber flooring supported on stumps. The roof structure is showing signs of structural failure inside the dwelling. Photo 1 and 2. The roof irons are showing signs of rust and are lifting away from the roof structure Photo 3.

**Photo 1 & 2****Photo 3**

Some of the blockwork walls appear to be in ok condition. However, the footings were unable to be inspected. Other blockwork walls were showing signs of damage Photo 4, blocks are starting to



crumble and internal timber column is showing signs of significant termite damage. Lightweight walls have been finished by fixing internal covering directly to external cladding, in sections this internal covering has been damaged and is exposing the rooms to the external cladding which is not air/water tight Photo 5. External timber columns are not fixed adequately to the roof structure and appear to have no fixing/footing at all and are simply sitting on the grounds surface or dug into the ground to an unknown depth Photo 6.



Photo 4, 5 & 6

Timber floor is showing signs of significant termite damage with the floor feeling unsound and dangerous underfoot. The masonry footing along the Eastern side of the house is inadequate, very little mortar present, brick/stones stacked haphazardly with large gaps present Photo 7.



Photo 7

Shed 1

Shed 1 is constructed of timber with a sheet iron roof. The ridgeline of the roof is showing signs of deformation/collapse, with the ridge tie splitting and the column sitting directly under the roof sheeting and not the structure Photo 8. The shed also has timber “mezzanines” both showing significant deflection. The shed has no bracing and no footings for the columns Photo 9.



Photo 8 & 9

A section of the lower roof shows the sheeting not attached to the purlins, with the nails having missed completely and the purlin itself rotted/eaten away almost entirely Photo 10.



Photo 10

Shed 2

Rafter along the front of the structure has failed completely, ridge appears to have begun collapsing
Photo 11.



Photo 11

Timber columns appear to have no footing and are founded into the ground only Photo 12, with a number showing signs of termite damage. Several rafters have been damaged to the point of failure, with some inadequate repairs having been attempted in the past Photo 13 & 14.



Photo 12, 13 & 14

Shed 3

Shed has no bracing and is tied back to a tree Photo 15 & 16. Structure is very unstable and the entire structure shows large and noticeable movement with very little force applied.



Photo 15 & 16

Shed 4

The rafters and purlins are not showing signs of any significant damage or deflection. The timber columns do not appear to have a footing and have minimal/inadequate bracing Photo 17. The subfloor is not fully connected to the columns Photo 18.



Photo 17 & 18

Brick dairy

Brick building in a state of imminent collapse. Rear wall has large sections without any mortar, a section of bricks above the window that move independently of the rest of the wall, the top section of the wall has already begun to fall over and is currently propped with a steel pole. Photo 19 & 20, this is not an adequate long term solution. The structure does not appear to have a footing for the brick work to sit on. Multiple section of the wall are missing mortar and/or bricks Photo 21 & 22.



Photo 19 & 20



Photo 21 & 22

Masonry Structures

The two masonry storage structures on the property have walls that appear in good condition and don't present any danger. The roof structures of these outbuildings are not in good condition, and show visible signs of failure Photo 23 & 24. Replacing the roof of these outbuildings while maintaining the walls is a viable option for these buildings.



Photo 23 & 24



Discussion & Recommendations.

Due to the damage/deterioration observed in the structures present on this property, the following buildings are in danger of collapsing, dwelling, shed 1, 2 & 3 and the brick outbuilding. These buildings must be demolished to ensure the safety of the tenants/visitors to the property. Please ensure all appropriate approvals are in place prior to commencing works. Shed 4 presents a number of issues and further investigation is recommended, exposing the founding of the columns is required to make a recommendation on appropriate action for this structure. The two masonry structures present no apparent danger of collapse. However, it is recommended that the roof structure of both buildings is replaced to make the interior safe/useable.

The existing fabric/materials of the dwelling, Sheds 1, 2 and 3 and the brick dairy are in extremely poor condition. To restore these buildings to be habitable and/or useable, their materials would need to be removed, disposed of and replaced with new materials.

In the case of the dwelling, none of the existing dwelling will be able to be retained. The entire footing structure and flooring, timber frame of the dwelling consisting of wall, ceiling and roof framing, in addition to roof and wall claddings, will need to be replaced.

The bricks of the dairy can be reused. However, the structure will need to be demolished and rebuilt if it is to be retained.

Due to termite damage and exposure to the elements, much of the framing and cladding on sheds would need to be replaced with new materials.

Kind Regards,

Haydn Morrell

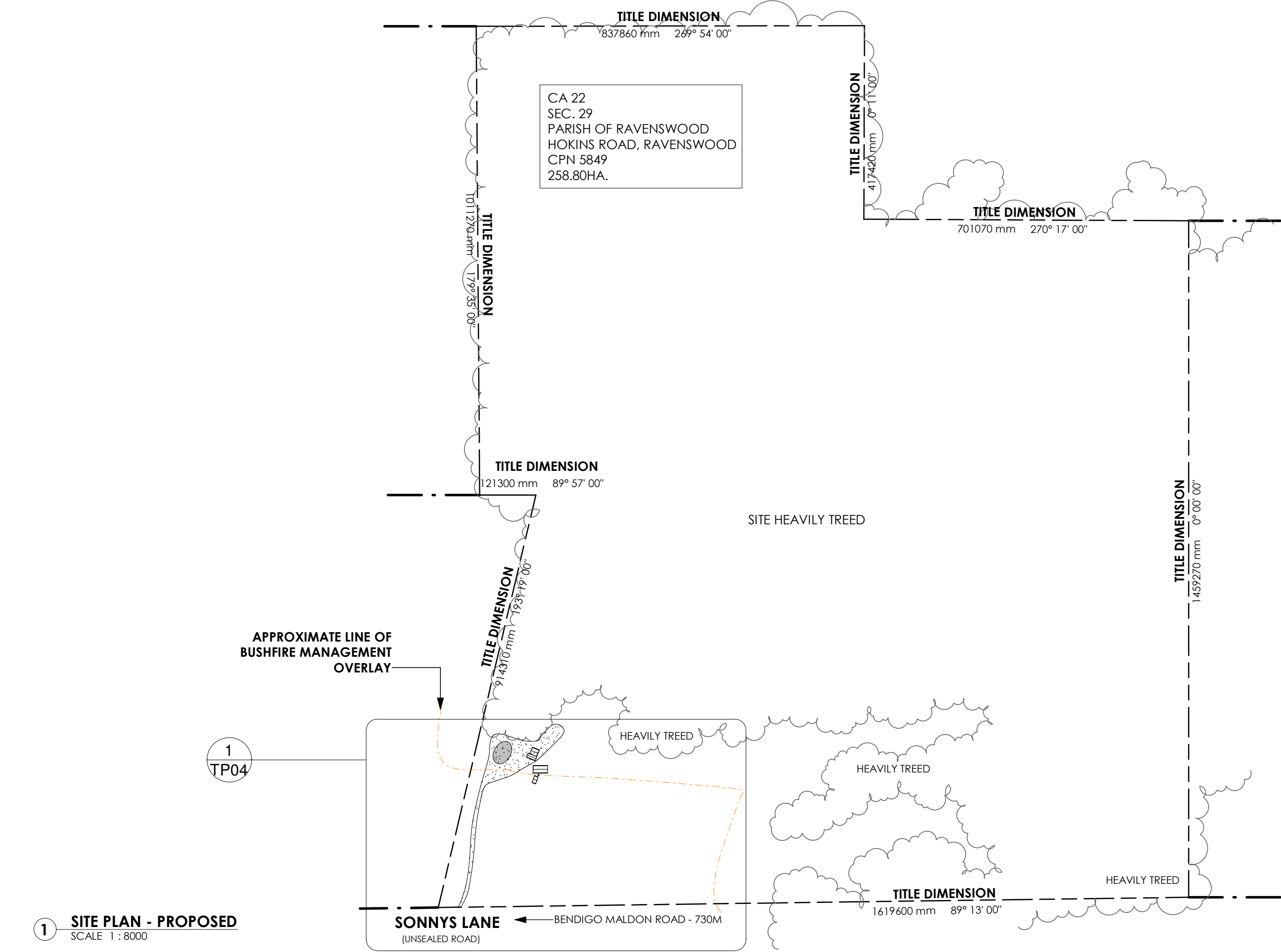
Director

BEng, MEng, RBP, RPEQ, MIEAust



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FLOOR NOTES:
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THIS PROPERTY FALLS WITHIN THE FOLLOWING
PLANNING ZONE:
FARMING ZONE (FZ)
PLANNING OVERLAYS:
BUSHFIRE MANAGEMENT OVERLAY (BMO)

BUSHFIRE PROTECTION

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TED & FAY GALASKA

PROJECT DETAILS
PROPOSED DOUBLE STOREY RESIDENCE AT CA22 HOKINS ROAD, RAVENSWOOD.

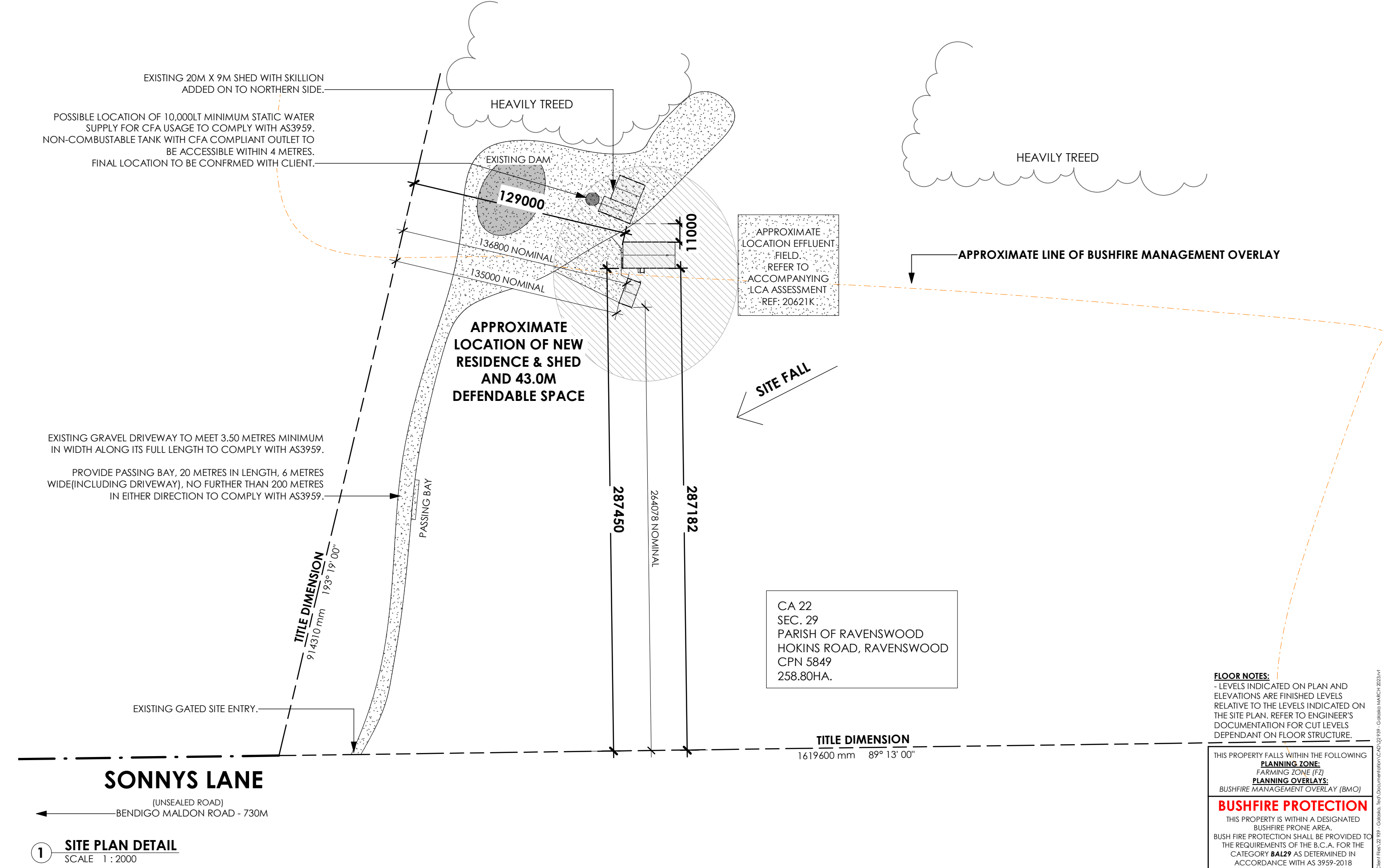
PROPOSED SITE PLAN

ISSUE DATE MARCH 2023
DRAWN BY DFW
PROJECT No. 22 - 939

REVISION No.		
No.	DATE	STAGE
SK-1	OCT.2022	INITIAL CONCEPT PLAN
SK-2	OCT.2022	DESIGN DEVELOPMENT
SK-3	NOV.2022	DESIGN DEVELOPMENT
A	NOV.2022	TOWN PLANNING PRELIMINARY
B	MAR.2023	TOWN PLANNING

TP03

REVISION No. B **TOWN PLANNING ISSUE**
SCALE 1 : 8000 **NOT FOR CONSTRUCTION**



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PART SITE PLAN
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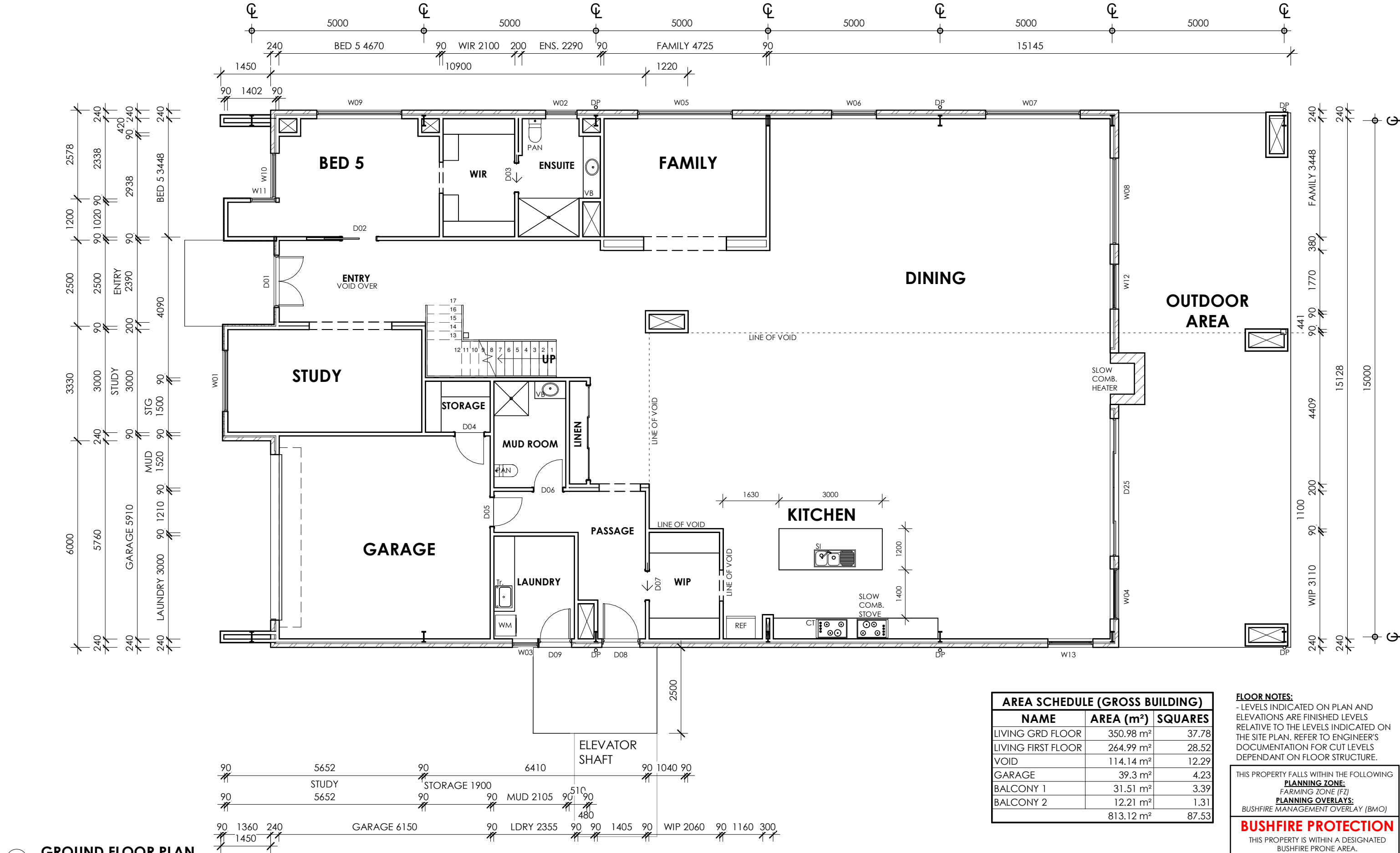
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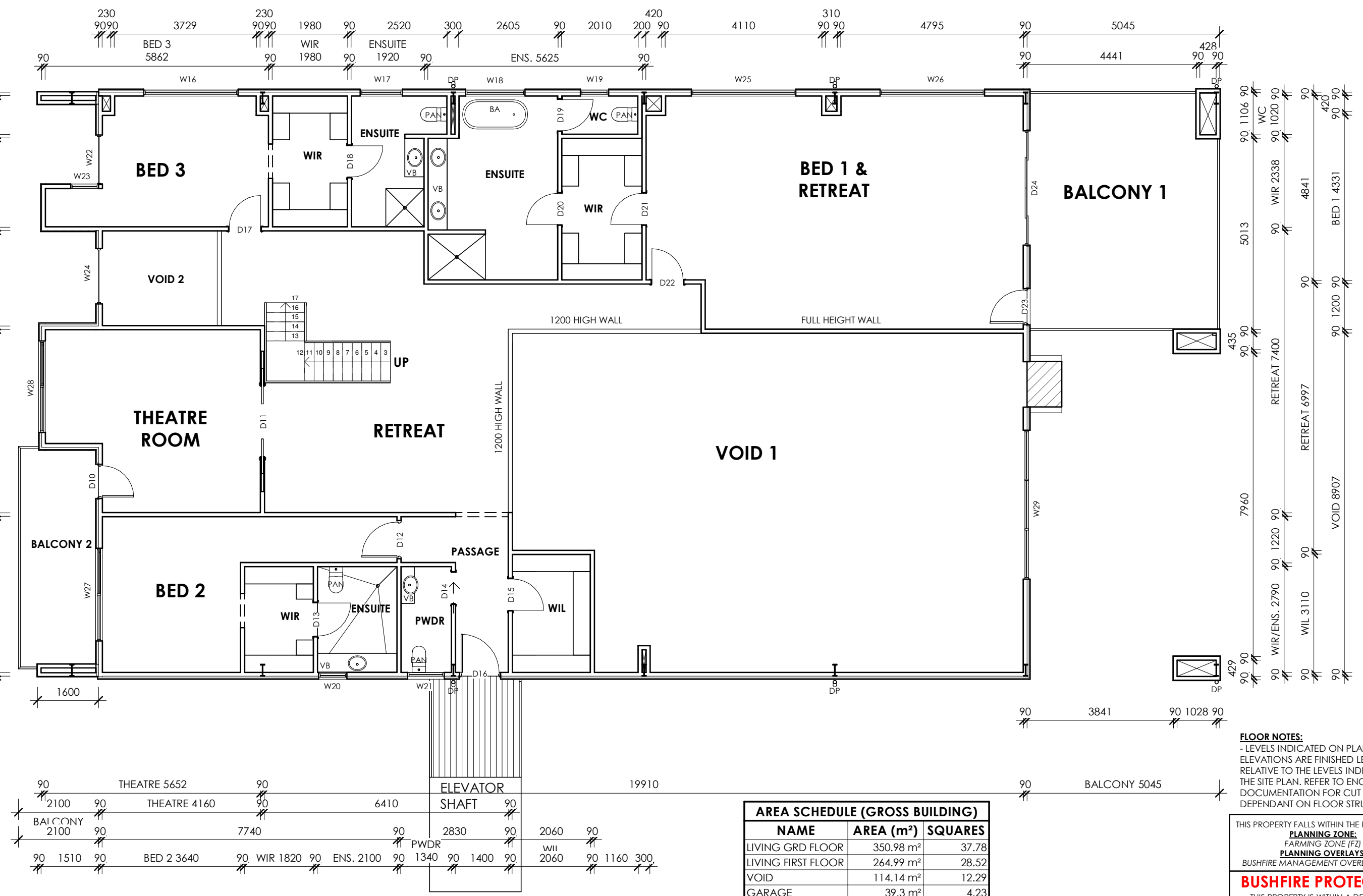
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SCALE 1 : 2000 **NOT FOR CONSTRUCTION**

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1 GROUND FLOOR PLAN
SCALE 1 : 100





1 FIRST FLOOR PLAN
SCALE 1 : 100

AREA SCHEDULE (GROSS BUILDING)			
NAME	AREA (m²)	SQUARES	
LIVING GRD FLOOR	350.98 m²	37.78	
LIVING FIRST FLOOR	264.99 m²	28.52	
VOID	114.14 m²	12.29	
GARAGE	39.3 m²	4.23	
BALCONY 1	31.51 m²	3.39	
BALCONY 2	12.21 m²	1.31	
813.12 m²		87.53	

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PROJECT DETAILS
PROPOSED DOUBLE STOREY RESIDENCE AT CA22 HOKINS ROAD, RAVENSWOOD.

PROPOSED FIRST LEVEL FLOOR PLAN

ISSUE DATE MARCH 2023
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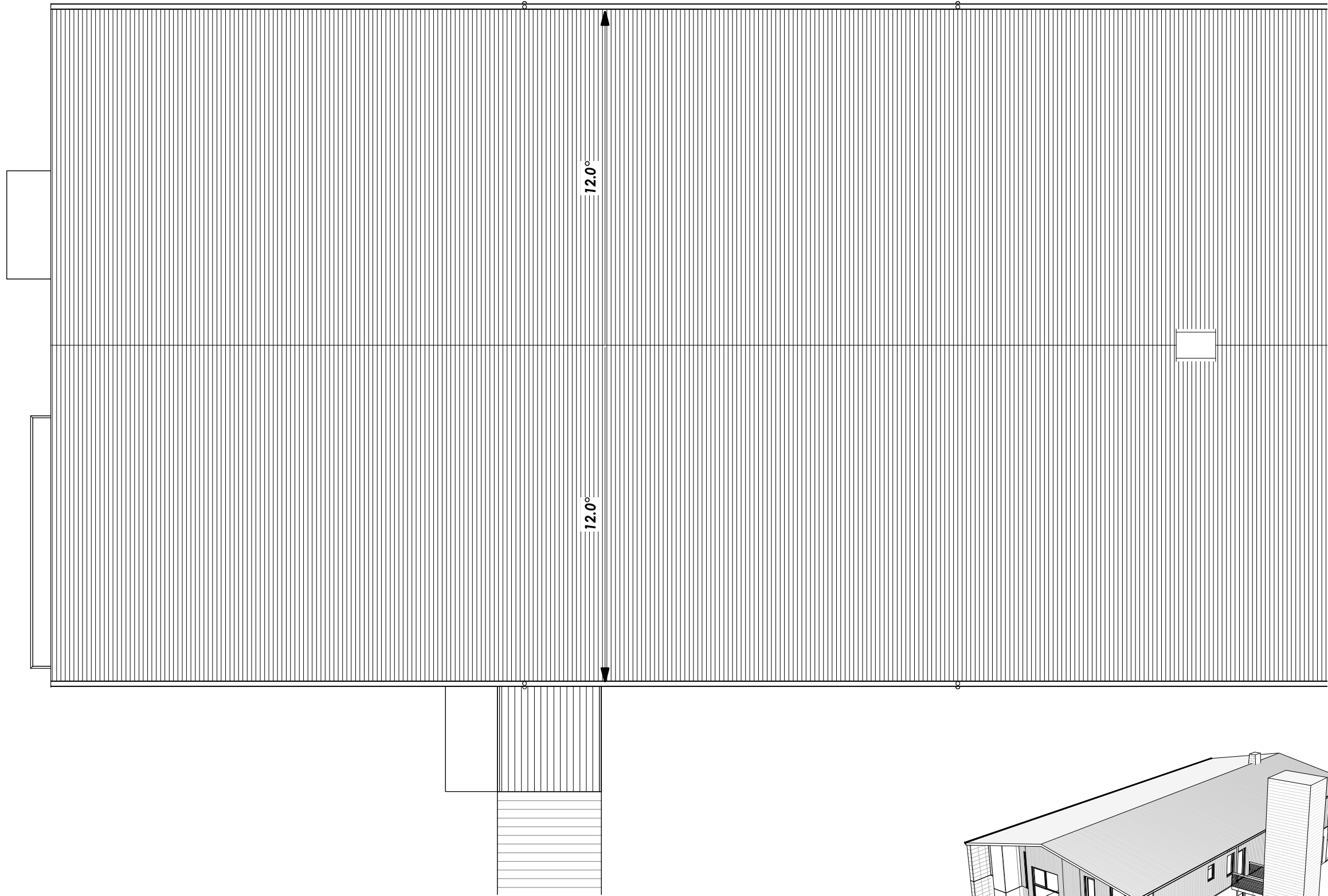
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1 **PROPOSED ROOF PLAN - RESIDENCE**
SCALE 1 : 100

2 **3D View 1**
SCALE

STORMWATER NOTE:

- ALL DRAINS SHALL RUN TO THE LEGAL POINT OF DISCHARGE AND SHALL CONFORM TO LOCAL COUNCIL REQUIREMENTS AND THE B.C.A
- 90mm Ø UPVC STORMWATER PIPES GENERALLY, 100mm Ø UPVC TO DRIVEWAYS
- MINIMUM FALL OF 1:100 WITH 300mm COVER
- DOWNPIPES TO HAVE A MAXIMUM SPACING OF 12 METRES

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PLANNING OVERLAYS:
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CA22 HOKINS ROAD, RAVENSWOOD.

PROPOSED ROOF PLAN

ISSUE DATE MARCH 2023
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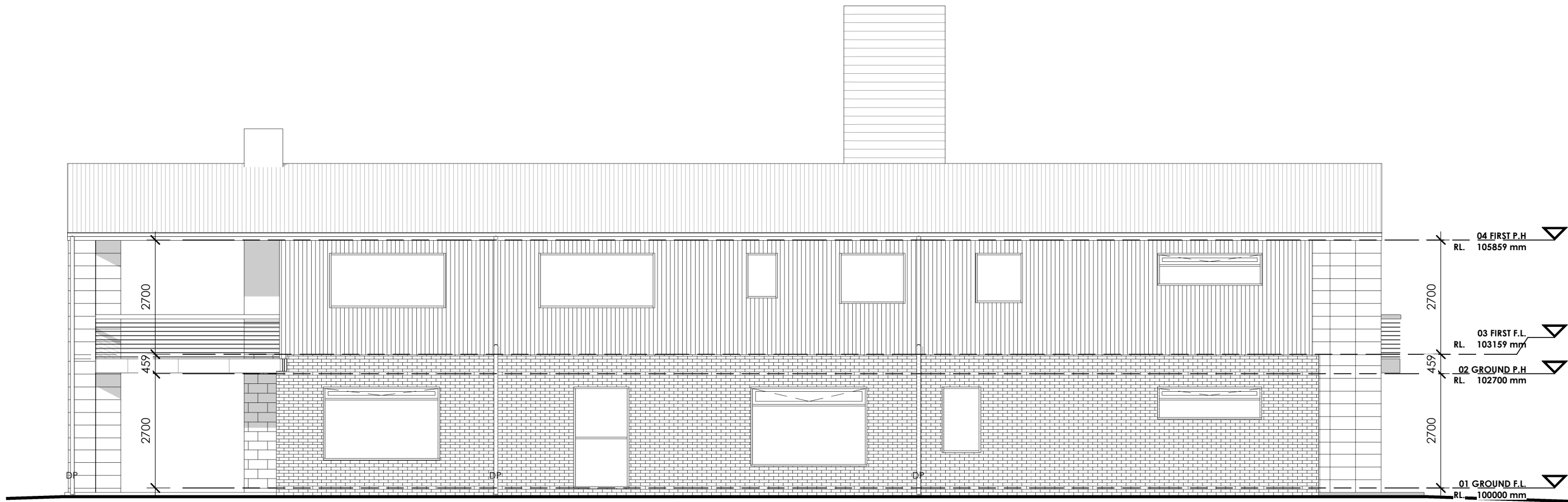
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TP07

REVISION No.
SCALE

B TOWN PLANNING ISSUE
1 : 100
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1 NORTH ELEVATION
SCALE 1 : 100



2 EAST ELEVATION
SCALE 1 : 100

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PROPOSED ELEVATIONS

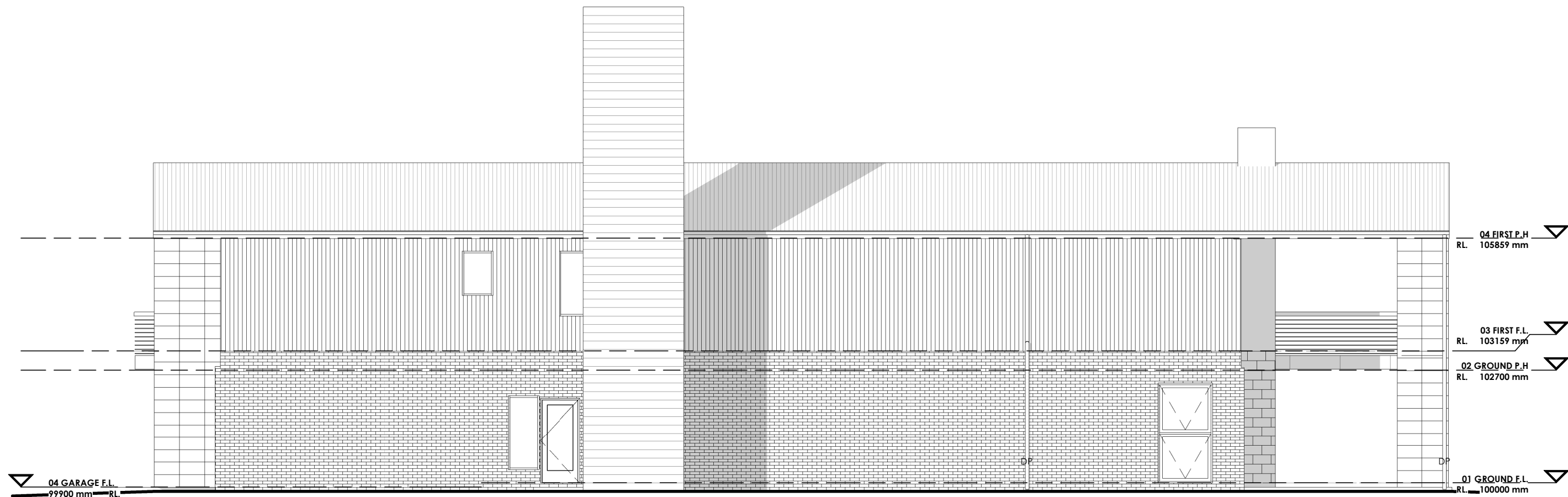
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1 SOUTH ELEVATION
SCALE 1 : 100



2 WEST ELEVATION
SCALE 1 : 100

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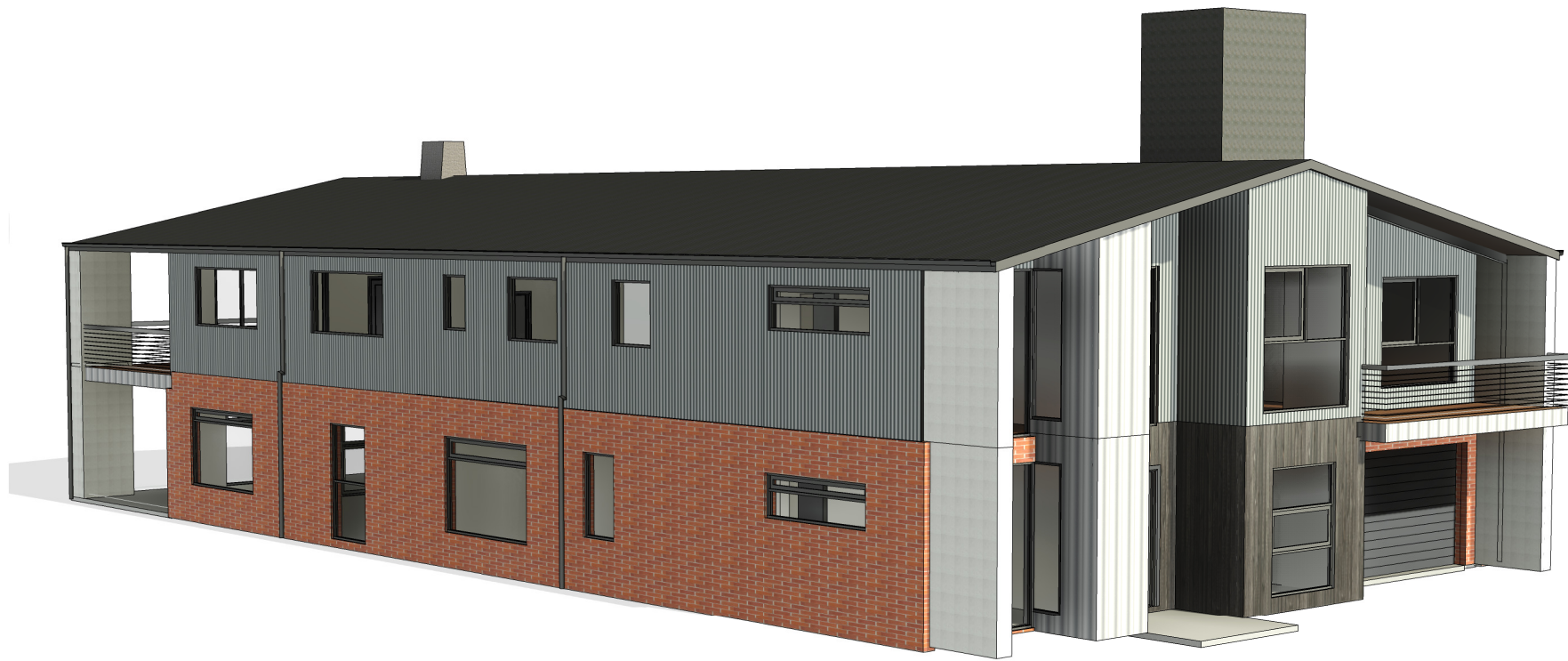
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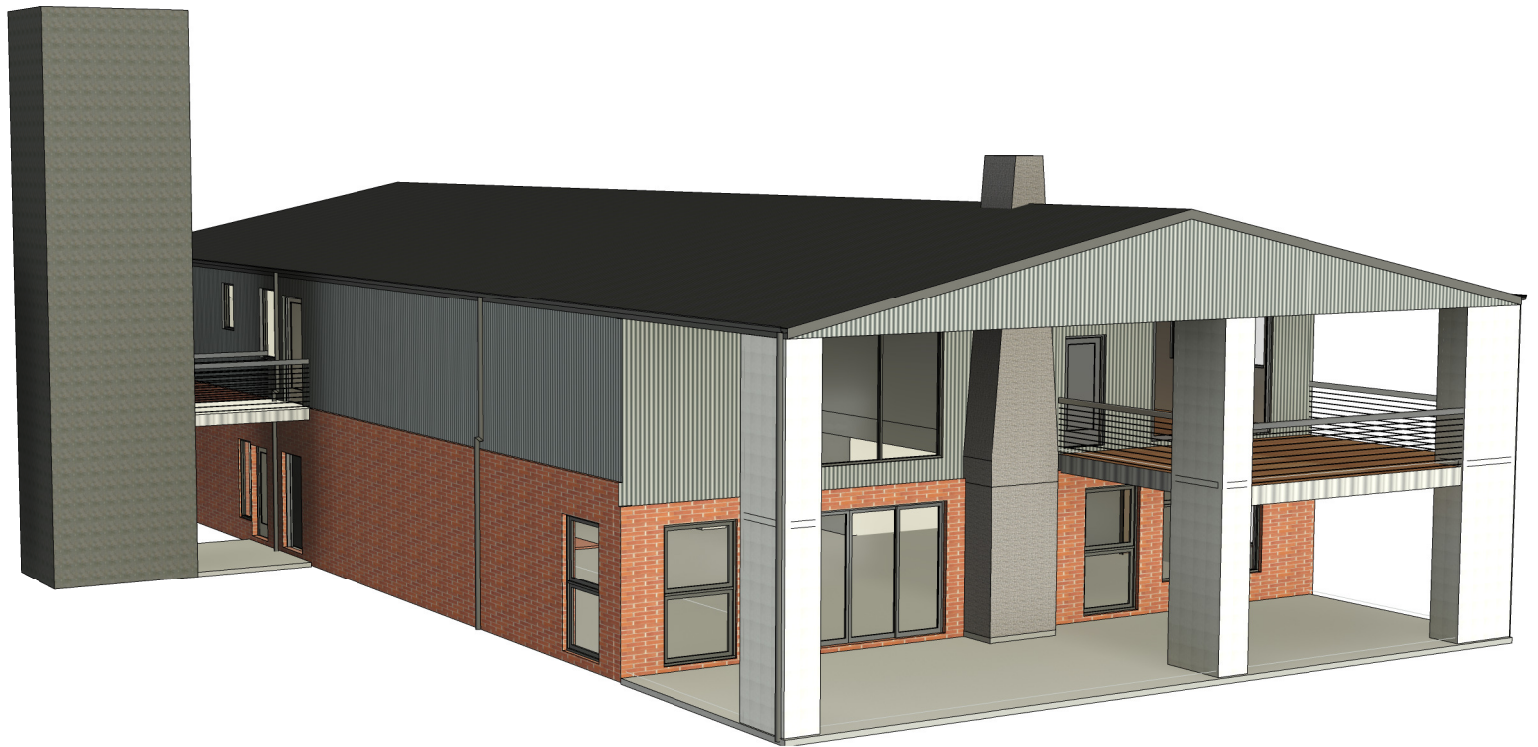
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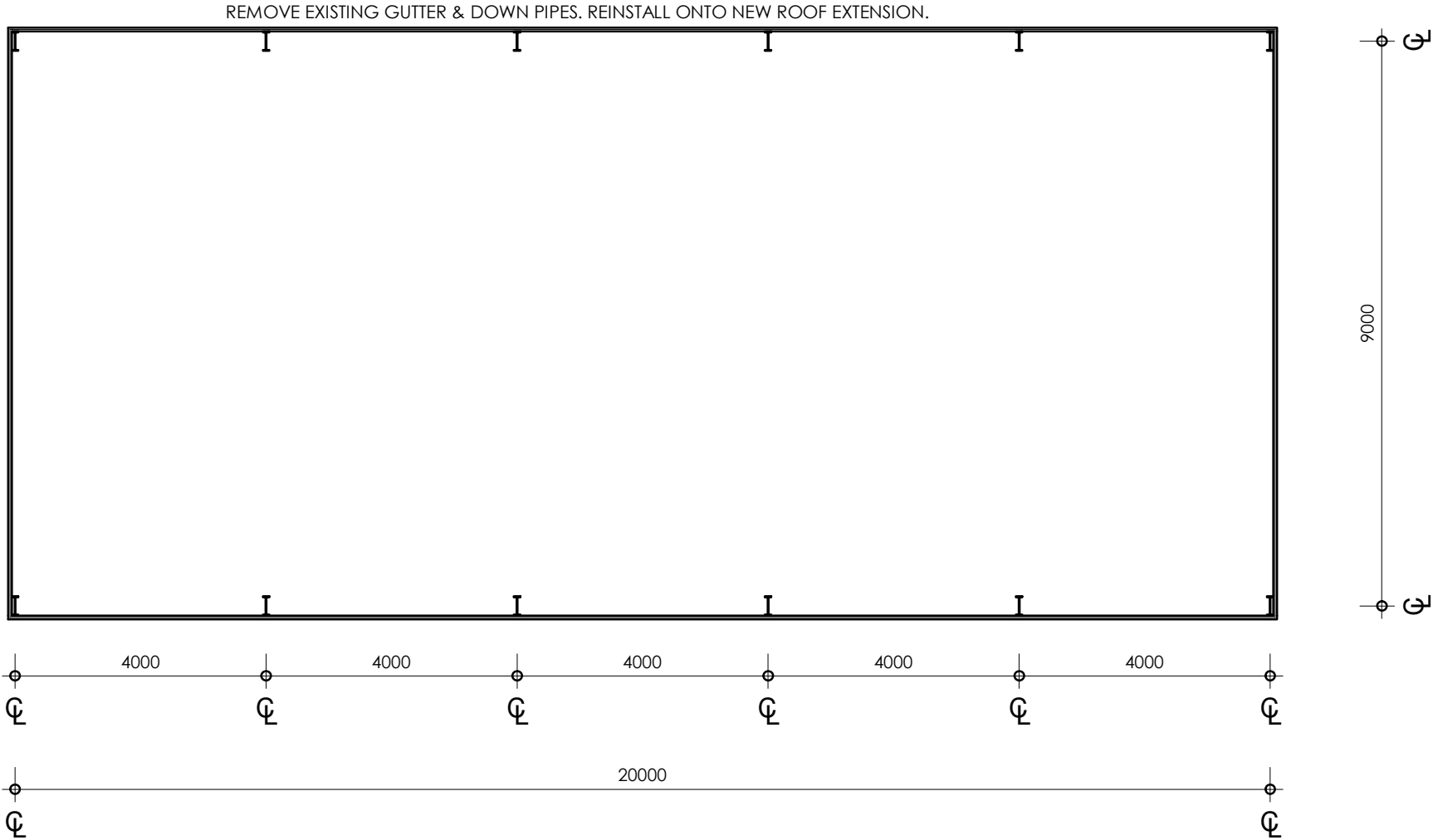
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1 3D View 2
SCALE

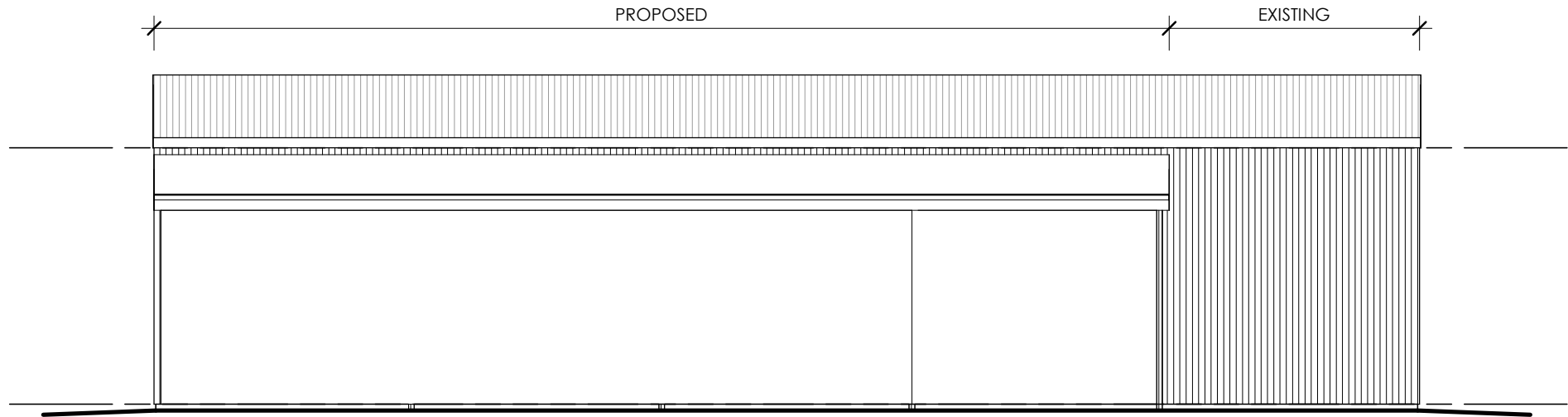


2 3D View 3
SCALE

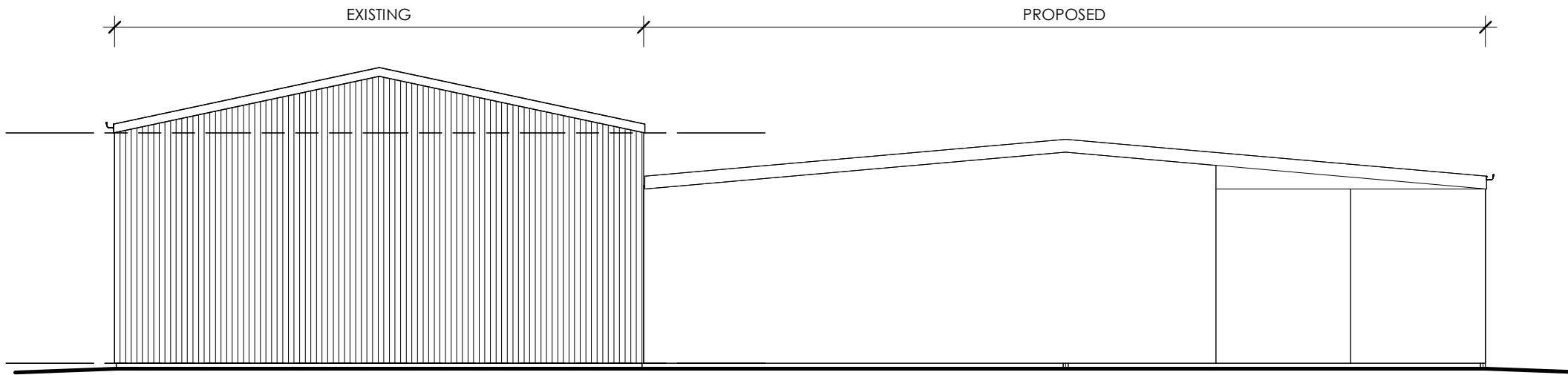


1 04 FLOOR PLAN-EXST SHED
SCALE 1 : 100

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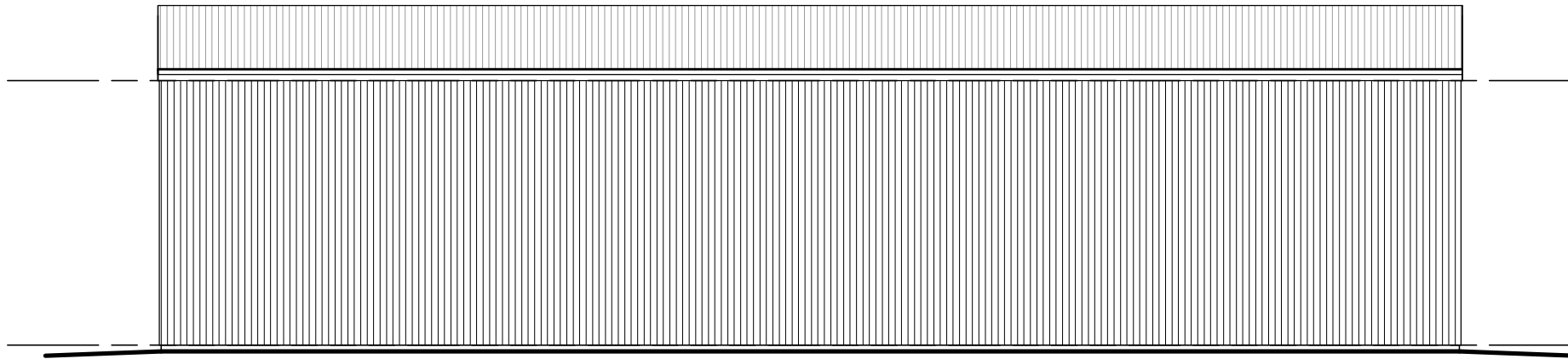


2 SHED EXTENSION NORTH ELEVATION
SCALE 1 : 100



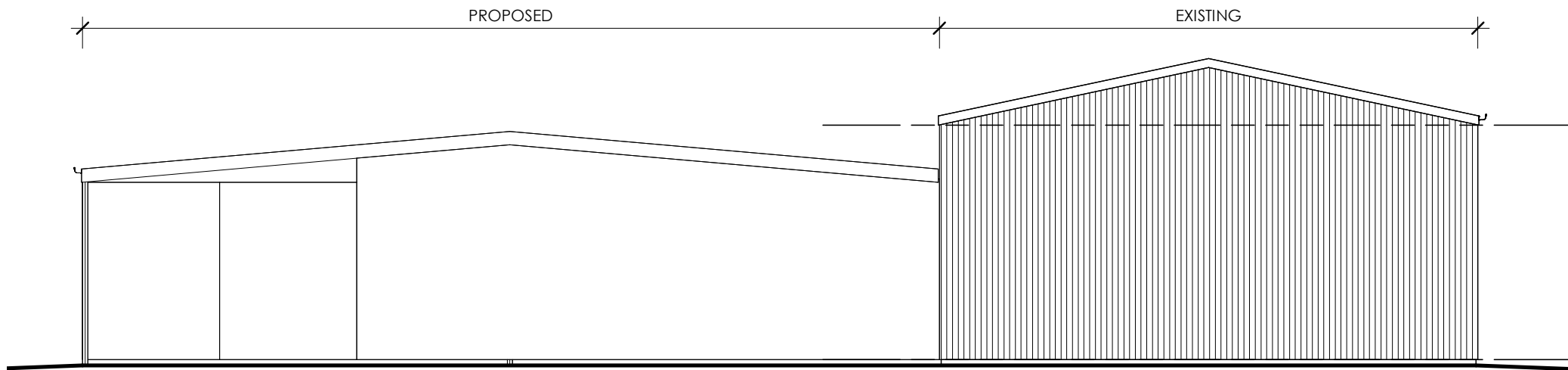
1 SHED EXTENSION EAST ELEVATION
SCALE 1 : 100

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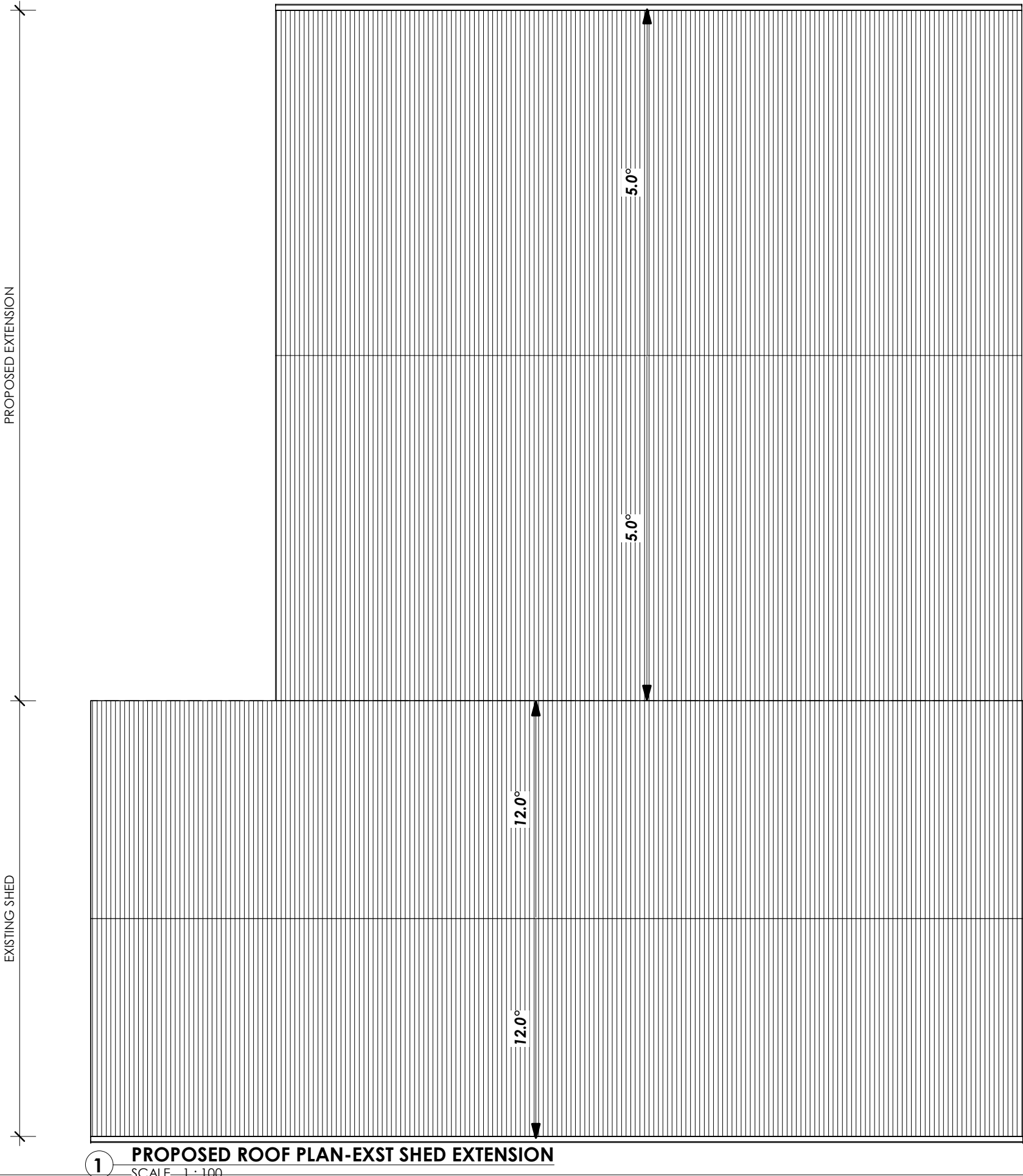
NO CHANGES TO THIS ELEVATION

1 **SHED EXTENSION SOUTH ELEVATION**
SCALE 1 : 100



2 **SHED EXTENSION WEST ELEVATION**
SCALE 1 : 100

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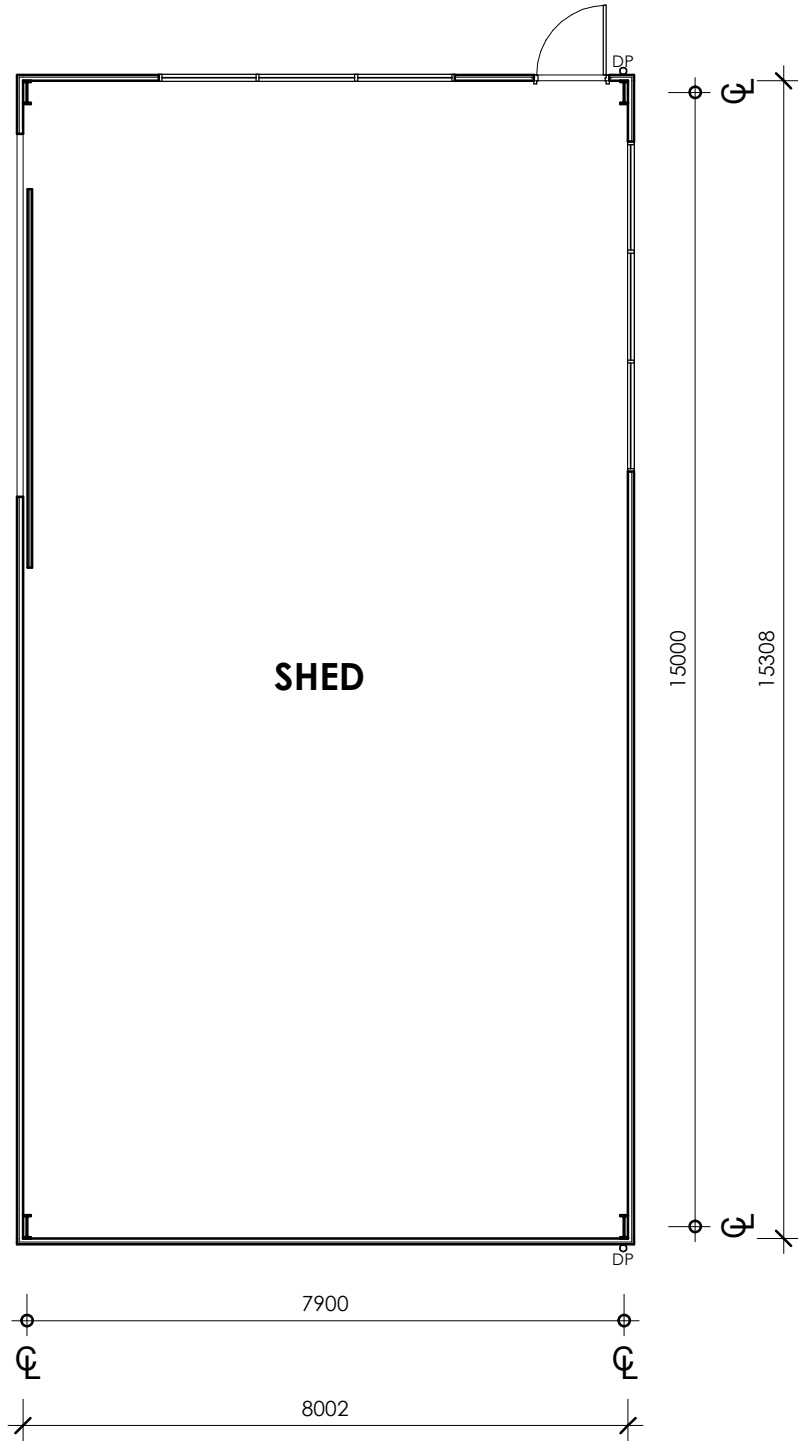
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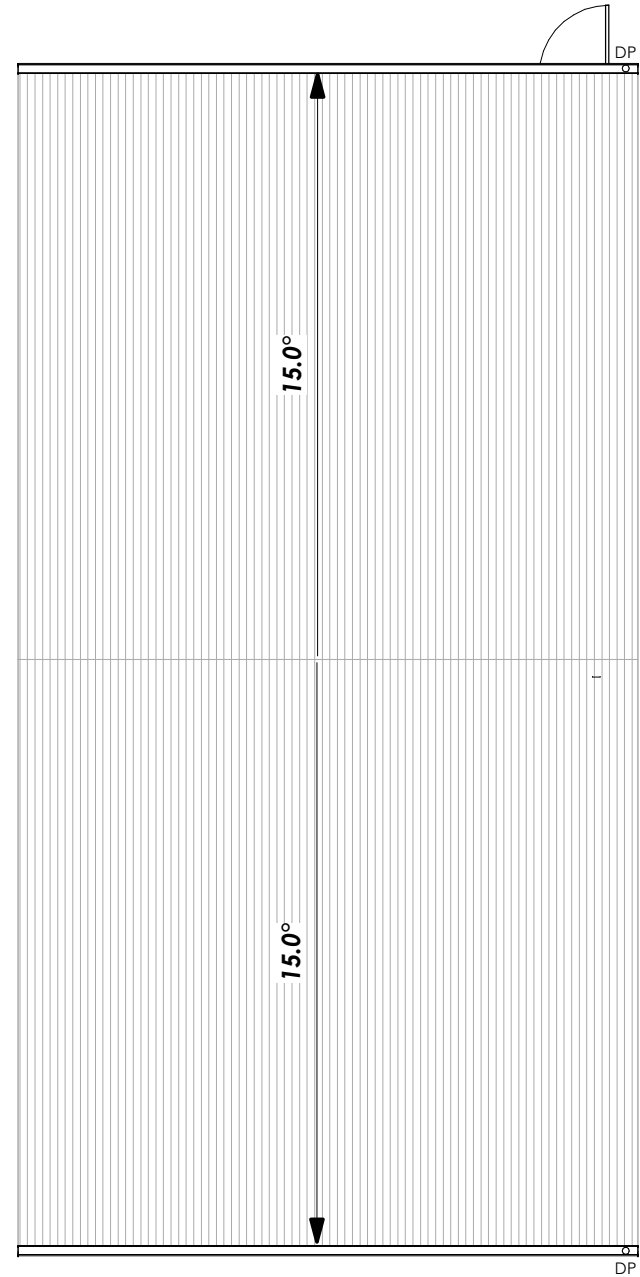
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PLANNING ZONE:
FARMING ZONE (FZ)
PLANNING OVERLAYS:
BUSHFIRE MANAGEMENT OVERLAY (BMO)

BUSHFIRE PROTECTION

THIS PROPERTY IS WITHIN A DESIGNATED BUSHFIRE PRONE AREA.
BUSH FIRE PROTECTION SHALL BE PROVIDED TO THE REQUIREMENTS OF THE B.C.A. FOR THE CATEGORY **BAL29** AS DETERMINED IN ACCORDANCE WITH AS 3959-2018



2 FLOOR PLAN - SHED
SCALE 1 : 100



1 PROPOSED ROOF PLAN - SHED
SCALE 1 : 100

STORMWATER NOTE:
- ALL DRAINS SHALL RUN TO THE LEGAL POINT OF DISCHARGE AND SHALL CONFORM TO LOCAL COUNCIL REQUIREMENTS AND THE B.C.A
- 90mm Ø UPVC STORMWATER PIPES GENERALLY, 100mm Ø UPVC TO DRIVEWAYS
- MINIMUM FALL OF 1:100 WITH 300mm COVER
- DOWNPIPES TO HAVE A MAXIMUM SPACING OF 12 METRES

THIS PROPERTY FALLS WITHIN THE FOLLOWING
PLANNING ZONE:
FARMING ZONE (FZ)
PLANNING OVERLAYS:
BUSHFIRE MANAGEMENT OVERLAY (BMO)
BUSHFIRE PROTECTION
THIS PROPERTY IS WITHIN A DESIGNATED BUSHFIRE PRONE AREA.
BUSH FIRE PROTECTION SHALL BE PROVIDED TO THE REQUIREMENTS OF THE B.C.A. FOR THE CATEGORY **BAL29** AS DETERMINED IN ACCORDANCE WITH AS 3959-2018

No.	DATE	STAGE
SK-1	OCT.2022	INITIAL CONCEPT PLAN
SK-2	OCT.2022	DESIGN DEVELOPMENT
SK-3	NOV.2022	DESIGN DEVELOPMENT
A	NOV.2022	TOWN PLANNING PRELIMINARY
B	MAR.2023	TOWN PLANNING

Mount Alexander Shire Council

Annual Plan 2022/2023

Q4 Progress Report



Quarterly Annual Plan Report 2022/2023 – Q4

The Annual Plan outlines the actions for 2022/2023 that will implement priorities from the Council Plan 2021-2025.

This report provides a quarterly update on the progress of each action.

The actions have been presented under each of the pillars:

>> OUR PRINCIPLES

We are engaging genuinely with our community; we are always improving; we are delivering together

>> OUR COMMUNITY

A healthy, connected, and inclusive community

>> OUR ENVIRONMENT

A flourishing environment for nature and people

>> OUR ECONOMY

A resilient and growing local economy



OUR PRINCIPLES

We are engaging genuinely with our community

We are always improving

Our community feels heard and is able to influence and participate in the decisions that impact upon them

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-1	Improve our capability to apply our Community Engagement Framework	Adopt a Community Engagement Strategy	Operating	Council	30/06/2023	Ongoing	80%		The strategy is scheduled for adoption at the October 2023 Council Meeting.

Council is responsive to the needs of the communities it serves

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-2	Rebuild our website	Renew our website for improved user experience, accessibility, and integration with Council services	\$95,000	Council	30/06/2023	Completed	100%	20/06/2023	Site successfully launched on 20 June 2023 with very positive initial feedback.

OUR COMMUNITY

A healthy, connected, and inclusive community

Services in our community are accessible and coordinated

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-3	Progress the Health Precinct Master Plan	Advocate for completion of the Hub Master Plan, to inform the Health Precinct Master Plan	Operating	Council	30/06/2023	Completed	100%	30/06/2023	Awaiting announcement of completion of Health Hub Masterplan by the Health Building Authority.
AP22-5	Implement the Disability Action Plan	Establish the Disability Action Plan Working Group	Operating	Council	30/06/2023	Completed	100%	12/09/2022	Group established comprising six community representatives and four Council Officers. Meetings have now commenced.
AP23-4	Respond to Aged Care reforms	Undertake an independent review to determine the position of Council prior to the rollout of Federal Government	\$50,000	Council, Local Government	28/02/2023	Completed	100%	30/06/2023	Aged Care Service Review report completed and scheduled for consideration by Council in quarter 2 of 2023/2024.

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
		reforms commencing 2023/2024.							

Our community is inclusive and connected

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP22-7	Upgrade community recreation facilities	Install sports ground lighting at the Newstead Recreation Reserve	\$410,000	Council ,State Government	31/03/2022	Completed	100%	27/10/2022	Project complete and officially opened by Maree Edwards MP in October 2022.
AP23-5	Connecting walking and cycling trails	Completion of the Campbells Creek walking and cycling trail	\$927,480	State Government, Council	30/06/2023	Commenced	20%		Cultural Heritage Management Plan, and vegetation assessment complete. Design due in August 2023.
AP23-6	Walking and Cycling Strategy	Adopt the Active Transport Strategy	\$48,000	Council	30/06/2023	Ongoing	90%		Scheduled for adoption at the September 2023 Council Meeting.

Our community is supported to be physically and mentally healthy

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-7	Improving active transport	Develop localised active transport initiatives that support health and wellbeing	Operating	Council	31/12/2022	Completed	100%	01/05/2023	Community Wellbeing bus trial completed and acquitted.
AP23-8	Improving road safety	Completion of Fogarty's Gap Road stage 1 upgrade	\$1.2 million	Council	31/12/2022	Ongoing	50%		Works have been postponed due to environmental issues. Recommencement date to be advised.
AP23-9	Disability Inclusion Action Plan	Adopt the Disability Inclusion Action Plan	Operating	Council	30/09/2023	Ongoing	90%		Plan is scheduled for adoption at September 2023 Meeting of Council.

OUR ENVIRONMENT

A flourishing environment for nature and people

We are working locally to address the climate emergency

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-10	Address the Climate Emergency	Adopt a ten-year Climate Strategy	\$35,000	Council	30/06/2023	Completed	100%	20/06/2023	Adopted at 20 June 2023 Council Meeting

We are maintaining, improving and celebrating our places and spaces

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP22-15	Planning Scheme amendment - Maldon Design Guidelines	Complete the Planning Scheme amendment to introduce the Maldon Design Guidelines (C96malx) into the Planning Scheme	Operating	Council	30/06/2022	Completed	100%	30/03/2023	Amendment C96malx - Maldon Design Guidelines was approved by the Minister and were introduced to the Mount Alexander Planning Scheme on 30 March 2023.
AP22-16	Small town streetscape upgrade	Completion of small town streetscapes in Campbells	\$2,132,672	Council, State Government	30/06/2022	Completed	100%	31/07/2023	All works are complete, with the exception of installation of

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
		Creek, Chewton, Elphinstone, Guildford, Newstead and Taradale							decorative discs in Newstead and town entry sign in Taradale.
AP23-19	Manage Council's public art	Adopt a Public Art Policy	Operating	Council	31/03/2023	Completed	100%	20/12/2022	Policy adopted at Meeting of Council December 2022.

Our community is growing in harmony with nature

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP22-17	Improve the function of community facilities	Complete the Local Roads and Community Infrastructure Program Phase 1 and Phase 2 projects that deliver upgrades to recreation reserves, community	\$2,322,957	Federal Government	30/06/2022	Completed	100%	26/04/2023	Minor expenditure to be acquitted.

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
		buildings and roads							
AP23-11	Campbells Creek Master Plan	Update the Master Plan for the Campbells Creek Recreation Reserve	\$32,400	Council	31/03/2023	Completed	100%	15/11/2022	The Campbells Creek Master Plan was adopted at the November 2022 Meeting of Council.
AP23-12	Improving community facilities	Detailed design of the Camp Reserve Pavilion and associated hardcourts	\$400,000	Council	31/12/2022	Ongoing	40%		Town Planning Consultant engaged with town planning application expected to be submitted late 2023/early 2024. Detailed design to follow.
AP23-13	Castlemaine Urban Waterways Management Plan	Complete construction of the National School Lane levee and commence construction of Castlemaine and	\$1,050,845	Federal Government, Council	30/06/2023	Commenced	15%		National School Lane and Castlemaine / Campbells Creek levee design contracts awarded. Construction of both projects to commence in 2023/2024.

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
		Campbells Creek levees							
AP23-14	Castlemaine Landfill Cell Capping	Complete cell capping at the Castlemaine Landfill	\$7.54 million	Council	30/06/2023	Completed	100%	24/05/2023	Completed in May 2023
AP23-15	Building Asset Management Plan	Adopt a ten-year Building Asset Management Plan	Operating	Council	30/11/2022	Completed	100%	30/06/2023	Plan to be adopted at the July 2023 Council meeting.
AP23-16	Bridge construction	Commence construction of the Vaughan-Tarilta low-level bridge	\$1.2 million	Federal Government	31/12/2022	Commenced	20%		Design review is underway, with cultural heritage and vegetation assessment being finalised. Tendering for contractors to follow.
AP22-19	Manage sustainable township growth and development	Adopt a Domestic Wastewater Management Plan	Operating	Council	30/06/2022	Completed	100%	16/05/2023	The Domestic Wastewater Management Plan 2023-2027 was adopted by Council on 16 May 2023.

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-17	Glass recycling trial	Completion and evaluation of trial	\$334,840	State Government	30/06/2023	Completed	100%		Glass skip bins and recycling trailers installed.
AP23-18	The future of waste	Adopt an updated ten-year Waste Strategy	Operating	Council	31/05/2023	Commenced	50%		Draft strategy to be exhibited publicly in July 2023.

We are focused on the housing affordability challenge in our community

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-21	Affordable housing	Investigate options for affordable housing in the shire	Operating	Council	30/06/2023	Completed	100%	30/06/2023	Development of Council's Templeton Street sites is progressing in partnership with Haven Home Safe. Developments on State Government and private land also being pursued.

We are facilitating managed growth of our towns while protecting natural assets

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-20	Industrial land review	Undertake a shire-wide industrial land supply and demand study	\$100,000	Council	30/06/2023	Ongoing	10%		Discussion paper will be released for community comment in late 2023.

OUR ECONOMY

A resilient and growing local economy

We are helping businesses make their work simpler and more sustainable

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-23	Supporting Business Mount Alexander	Support Business Mount Alexander to develop a strategic plan	\$5,000	Council	30/06/2023	Completed	100%	15/06/2023	New delivery timeline advised by Business Mount Alexander for the strategy is September 2023.
AP23-24	Economic Development Strategy	Adopt an Economic Development Strategy	\$68,750	Council	30/06/2023	Commenced	10%		Draft strategy proposed for exhibition in second quarter of 2023/24.

Our local economy is diverse and resilient

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-22	Welcome to Country	Complete the Boorp Boorp Boondyil installation in the Market Building	\$205,000	State Government, Council	30/09/2022	Completed	100%	01/11/2022	The exhibition was successfully launched in November 2022.

We are supporting continuous learning and personal growth

Year	Project Name	Description	Budget	Funding source	Target Completion Date	Status	Progress	Date Completed	Comments
AP23-25	Early Years Plan	Adopt an updated four-year Early Years Plan	\$25,000	Council	31/03/2023	Completed	100%	18/04/2023	Early Years Plan adopted by Council at the April 2023 Meeting of Council.
AP23-26	Middle Years Plan	Adopt an updated four-year Middle Years Plan	\$25,000	Council	30/06/2023	Ongoing	90%		The plan is scheduled for adoption at the September 2023 Meeting of Council.
AP23-27	Increase education, training and work opportunities	Work in partnership with local training and education providers to boost education and training opportunities	Operating	Council	30/04/2023	Completed	100%	30/05/2023	Annual Passion and Pathways Program completed. State election commitment to increase Bendigo Kangan Institute (BKI) services in Castlemaine being explored in partnership with local MP, BKI and Castlemaine Health.



Mount Alexander Shire Council

Revenue and Rating Plan 2021-2025

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Document Type:	Plan	TRIM reference:	DOC/23/16162
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Final Approval by:	Council		
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Date rescinded:	Not applicable		
Related legislation:	Local Government Act 1989 Local Government Act 2020		
Related strategic documents, policies, or procedures:	Rating Strategy 2022 – 2027 Financial Plan 2023-2033		

Date	Version Number	Details of Version	Modified by
19/05/2021	1	Initial Plan	Executive Manager Corporate Services
17/03/2022	2	Review and update	Financial Services Coordinator
13/04/2023	3	Review and update	Executive Manager Corporate Services

1.1 PURPOSE

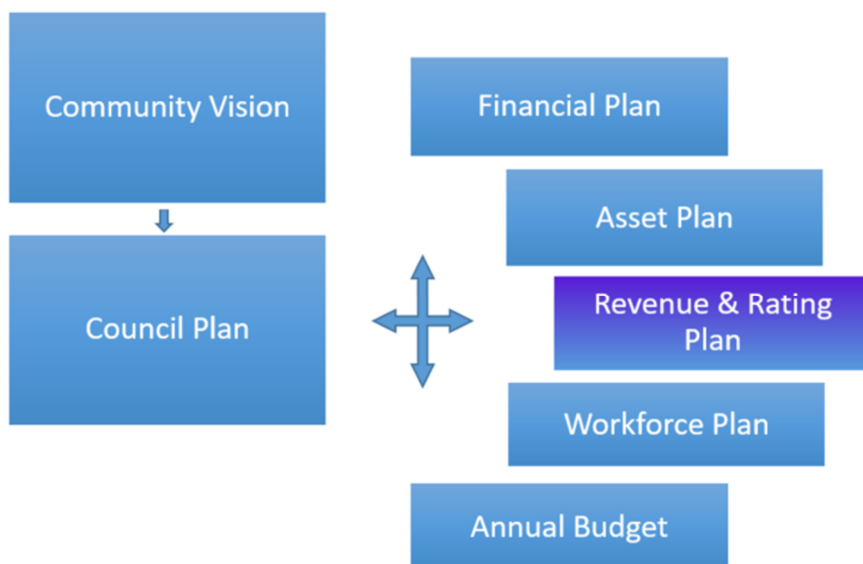
The *Local Government Act 2020* requires each council to prepare a Revenue and Rating Plan (the Plan) to cover a minimum period of four years following each Council election.

The Revenue and Rating Plan establishes the revenue-raising framework within which Council proposes to work. The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for Mount Alexander Shire Council that, in conjunction with other income sources, will adequately finance the objectives in the Council Plan, as well as ongoing operational works and services, and capital projects.

This plan is an important part of Council's integrated planning framework, all of which helps Council achieve its vision of:

Working together for a healthy, connected shire

Strategies outlined in this Plan align with the objectives contained in the Council Plan and will feed into budgeting and long-term financial planning documents, as well as other strategic planning documents under Council's strategic planning framework.



This Plan will explain how Council calculates the revenue needed to fund its activities, and how the funding burden will be apportioned between ratepayers and other users of Council facilities and services.

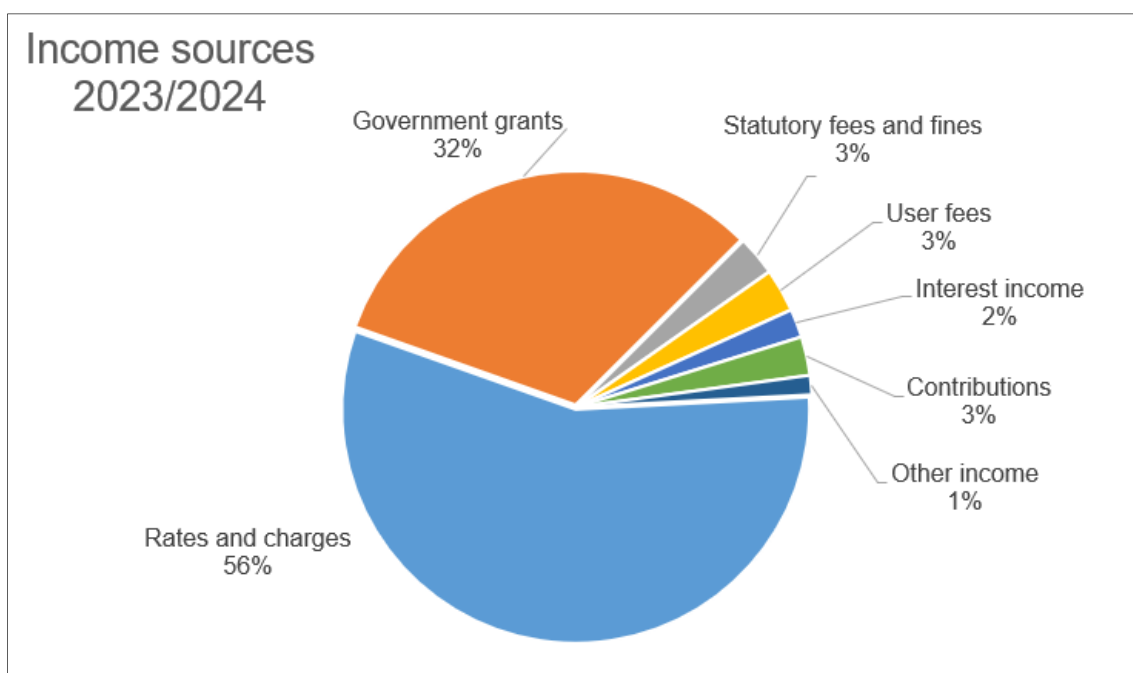
This Plan will set out decisions that Council has made in relation to rating options available to it under the Act to ensure the fair and equitable distribution of rates across property owners. It will also set out principles used in decision making for other revenue sources such as fees and charges.

It is also important to note that this Plan does not set revenue targets for Council. Rather, it outlines the strategic framework and decisions that inform how Council will calculate and collect revenue.

An annual review of the Revenue and Rating Plan will be undertaken and, at the discretion of the document owner, may be re-adopted for a further period not exceeding the initial four years of the Plan. This Plan has been updated with changes arising from the update to Council's Rating Strategy, which was adopted in December 2021.

1.2 INTRODUCTION

Council provides a significant number of services and facilities to the local community and, in doing so, must collect revenue to cover the cost of providing these services and facilities.



Council's revenue sources include:

- Rates and waste collection charges.
- Grants from other levels of government.
- Statutory fees and fines.
- User fees.
- Cash and non-cash contributions from other parties (i.e., developers, community groups).
- Interest from investments.
- Other income, including sale of assets and property rental.

Rates and waste collection charges are the most significant revenue source for Council and comprise almost 60% of annual income.

The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability. The FGRS stipulates the annual rate cap i.e. the allowed annual increase to Council's average rates income. Council may make an application to the Essential Services Commission for a variation that is greater than rate cap. Maintaining service delivery levels and investing in community assets remain key priorities for Council.

Council provides a wide range of services to the community, often for a fee or charge. The nature of these fees and charges generally depends on whether they relate to statutory or discretionary services. Some of these, such as statutory planning fees, are set by State Government statute and are commonly known as regulatory fees. In these cases, Council usually has no control over service pricing. However, in relation to other services, Council can set a fee or charge and will set that fee based on the principles outlined in this Revenue and Rating Plan.

Changes to funding from other levels of government can adversely affect Council revenue. Some grants are tied to the delivery of Council services, whilst many are tied directly to the delivery of new, or renewal of existing, community assets, such as roads, bridges, footpaths, community halls, swimming pools or sports pavilions. Council takes a deliberately strategic approach in the grants it applies for, particularly where community assets are concerned.

1.3 RATES AND CHARGES

The Local Government Act 1989 (the Act) is primarily the governing legislation in relation to property rates and charges. At some stage, this legislation will be incorporated into the Local Government Act 2020, and any recommendations from the Local Government Rating System Review that were accepted by the State Government, will be included.

Rates are property taxes that allow councils to raise revenue to fund essential public services provided to their municipal population. Importantly, this taxation system includes flexibility for councils to utilise different tools in its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Council has established a rating structure comprised of two key elements. These are:

- General rates – based on property values (using the Capital Improved Valuation methodology), which are indicative of capacity to pay and form the central basis of rating under the Act.
- Service charges - a 'user pays' component for services to reflect benefits provided by Council to ratepayers who benefit from a service.

Striking a proper balance between these elements will help to improve equity in the distribution of the rate burden across residents.

Council makes a further distinction when applying general rates by applying rating differentials based on the purpose for which the property is used e.g., whether the property is used for residential, commercial, or farming purposes etc. This distinction is based on the concept that different property categories should pay a fair and

equitable contribution, considering the benefits those properties derive from the local community.

The Mount Alexander Shire Council rating structure comprises the following five differential rates:

- General – residential properties and home-based businesses that are conducted at residential premises. Vacant land that is not farm land and cannot be developed for residential purposes are also classified as general.
- Commercial – a 130% differential that applies to:
 - Any land that is occupied for the principle purpose of carrying out the manufacture or production of, or trade in, goods or services.
 - Residential properties that are predominately used for the purposes of short-term accommodation rental.
- Farm – applies to rateable land:
 - That is not less than 2 hectares in area; and
 - That is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
 - That is used by a business:
 - That has a significant and substantial commercial purpose or character; and
 - That seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
 - That is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

The farm rate is set at 80% in 2023/24.

- Vacant land – applies to rateable land that does not have a dwelling, or to vacant commercial or industrial land, and is set at 200% of the general rate.
- Recreational Rate – applies to rateable land upon which sporting, recreational, or cultural activities are conducted, and include buildings that may be ancillary to such activities. These properties have a rate of zero set in accordance with the Cultural and Recreational Lands Act 1963.

The formula for calculating rates payable, excluding any additional charges, arrears or additional supplementary rates, is:

$$\begin{array}{c} \text{The differential rate in the \$} \\ \times \\ \text{Property value} \\ = \\ \text{Rates payable} \end{array}$$

The rate in the dollar for each rating differential category is included in Council's annual budget.

Rates and charges are an important source of revenue, accounting for almost 60% of operating revenue received by Council. The collection of rates is an important factor in funding Council services.

Planning for future rate increases is therefore an essential component of the long-term financial planning process and plays a significant role in funding Council services.

Council is aware of the balance between rate revenue (as an important income source) and community sensitivity to rate increases. With the introduction of the State Government's Fair Go Rates System, all rate increases are capped to a rate declared by the Minister for Local Government, which is announced in December for the following financial year.

Council currently utilises a service charge to recover the cost of Council's waste services and to provide for future landfill rehabilitation costs. The waste and recycling collection service charge is not capped under the Fair Go Rates System, and Council will continue to allocate funds from this charge towards the provision of waste services.

1.3.1 RATING LEGISLATION

The legislative framework set out in the Act determines Council's ability to develop a rating system. The framework provides significant flexibility for Council to tailor a system that suits its needs.

Section 155 of the Act provides that a Council may declare the following rates and charges on rateable land:

- General rates under Section 158.
- Municipal charges under Section 159.
- Service rates and charges under Section 162.
- Special rates and charges under Section 163.

The strategy in relation to municipal charges, service rates and charges, and special rates and charges are discussed later in this document.

In raising rates, Council is required to primarily use the valuation of the rateable property to levy rates. Section 157 (1) of the Act provides Council with three choices in terms of which valuation base to utilise. They are:

- Site Value (SV)
- Capital Improved Value (CIV)
- Net Annual Value (NAV).

The advantages and disadvantages of the respective valuation basis are discussed further in this document. Whilst this document outlines Council's strategy regarding rates revenue, rates data will be contained in the Council's annual budget as required by the *Local Government Act 2020*.

Section 94(2) of the *Local Government Act 2020* states that Council must adopt a budget by 30 June each year (or at another time fixed by the Minister) to include:

- a) The total amount that the Council intends to raise by rates and charges.
- b) A statement as to whether the rates will be raised by the application of a uniform rate or a differential rate.
- c) A description of any fixed component of the rates, if applicable.
- d) If the Council proposes to declare a uniform rate, the matters specified in Section 160 of the Act.
- e) If the Council proposes to declare a differential rate for any land, the matters specified in Section 161(2) of the Act.

Section 94(3) of the *Local Government Act 2020* also states that Council must ensure that, if applicable, the budget also contains a statement:

- a) That the Council intends to apply for a special order to increase the Council's average rate cap for the financial year or any other financial year.
- b) That the Council has made an application to the ESC for a special order and is waiting for the outcome of the application.
- c) That a special order has been made in respect of the Council and specifying the average rate cap that applies for the financial year or any other financial year.

This Plan outlines the principles and strategic framework that Council will utilise in calculating and distributing the rating burden to property owners, however, the quantum of rate revenue and rating differential amounts will be determined in Council's annual budget.

In 2019, the Victorian State Government conducted a Local Government Rating System Review. The Local Government Rating System Review Panel presented their final report and list of recommendations to the Victorian Government in March 2020. The Victorian Government subsequently published a response to the recommendations of the Panel's report. However, not all recommended changes have been implemented, and timelines to make these changes are expected to happen in mid-2023.

1.3.2 RATING PRINCIPLES

Taxation Principles:

When developing a Rating Strategy, with reference to differential rates, a Council should consider the following good practice taxation principles:

- Wealth tax
- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to pay
- Diversity.

Wealth tax

The “wealth tax” principle implies that the rates paid are dependent upon the value of a ratepayer’s real property and have no correlation to the individual ratepayer’s consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates.

Equity

Horizontal equity – ratepayers in similar situations should pay similar amounts of rates (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation).

Vertical equity – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a “relativity” dimension to the fairness of the tax burden).

Efficiency

Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by rates.

Simplicity

The taxation principle of simplicity revolves around how easily the public understands the system, as well as its practicality and ease of administration.

Benefit

The extent to which there is a nexus between consumption/benefit and the rate burden.

Capacity to pay

The capacity of ratepayers or groups of ratepayers to pay rates.

Diversity

The capacity of ratepayers within a group to pay rates.

The rating challenge for Council, therefore, is to determine the appropriate balance of competing considerations.

Differential rating should be applied as equitably as is practical and will comply with the “Ministerial Guidelines for Differential Rating 2013”.

1.3.3 DETERMINING WHICH VALUATION BASE TO USE

Under the Act, Council has three options as to the valuation base it elects to use. They are:

- Capital Improved Value (CIV) – the value of land and improvements upon the land.
- Site Value (SV) – the value of land only.
- Net Annual Value (NAV) – the rental valuation based on CIV.

Capital Improved Value (CIV)

Capital Improved Value is the most commonly used valuation base by Local Government with almost all Victorian councils applying this methodology. Based on the value of both land and all improvements on the land, ratepayers generally understand it, as it equates to the market value of the property.

Section 161 of the Act provides that a Council may raise any general rates by the application of a differential rate if –

- a) It uses the capital improved value system of valuing land; and
- b) It considers that a differential rate will contribute to the equitable and efficient carrying out of its functions.

Where a council does not utilise CIV, it may only apply limited differential rates in relation to farm land, urban farm land or residential use land.

The advantages of using Capital Improved Value (CIV) are that:

- It includes all property improvements, and hence is often supported on the basis that it more closely reflects “capacity to pay”. The CIV rating method considers the full development value of the property, and hence better meets the equity criteria than SV and NAV.

- With the increased frequency of valuations (previously two-year intervals, now annual intervals), the market values are more predictable and has reduced the level of objections resulting from valuations.
- The concept of the market value of property is more easily understood with CIV rather than NAV or SV.
- Most councils in Victoria have now adopted CIV, which makes it easier to compare relative movements in rates and valuations across councils.
- The use of CIV allows Council to apply differential rates, which greatly adds to Council's ability to distribute equitably the rating burden based on ability to afford council rates. CIV allows Council to apply higher rating differentials to particular sectors that offset residential rates.

The disadvantages of using CIV is the fact that:

- Rates are based on the total property value which may not necessarily reflect the income level of the property owner e.g., pensioners and low-income earners.

Site value (SV)

Currently no Victorian councils use this valuation base. With valuations on land alone, and with only very limited ability to apply differential rates, the implementation of SV in a Mount Alexander Shire Council context would cause a shift in rate burden from the commercial and vacant land sectors onto the residential and farm sectors and would hinder Council's objective of a fair and equitable rating system.

There would be further rating movements away from modern townhouse style developments on relatively small land parcels to older established homes on quarter acre residential blocks. In many ways, it is difficult to see an improvement in equity by the implementation of the site valuation method.

The advantages of using Site Value include:

- There is a perception that under site value, a uniform rate would promote development of land, particularly commercial and industrial developments. There is, however, little evidence to prove that this is the case.
- The scope for possible concessions for urban farm land and residential use land.

The disadvantages of using Site Value include:

- There will be a significant shift from the commercial and vacant land sectors onto the residential and farm sectors in the Shire. The percentage increases in many cases would be in the extreme range.
- That it is a major burden on property owners that have large areas of land. Some of these owners may have much smaller/older dwellings compared to those who have smaller land areas but well-developed dwellings - but will pay more in rates. A typical example is flats, units, or townhouses, which will all pay low rates, compared to traditional housing styles.
- The use of SV can place pressure on councils to give concessions to categories of landowners on whom the rating burden is seen to fall disproportionately (e.g., farm land and residential use properties). Large

landowners, such as farmers for example, are disadvantaged by using site value.

- It will reduce Council's rating flexibility and options to deal with any rating inequities due to the removal of the ability to levy differential rates.

Net annual value (NAV)

NAV, in concept, represents the annual rental value of a property and, in practice, is loosely linked to CIV. For residential and farm properties, NAV is calculated at 5 per cent of the CIV. In contrast to the treatment of residential and farm properties, assessment of NAV for commercial and industrial properties is made with regard to actual market rental. This differing treatment of commercial versus residential and farm properties has led to some suggestions that all properties should be valued on a rental basis.

Overall, there is not widespread support for the use of NAV. For residential and farm ratepayers, actual rental values pose some problems. The artificial rental estimate used may not represent actual market value, and means the base is the same as CIV but is harder to understand.

Recommended Valuation Base

In choosing a valuation base, councils must decide on whether they wish to adopt a differential rating system (different rates in the dollar for different property categories) or a uniform rating system (the same rate in the dollar). If a council was to choose the former, under the Act it must adopt either of the CIV or NAV methods of rating.

Mount Alexander Shire Council applies CIV to all properties within the municipality to consider the fully developed value of the property. This basis of valuation considers the total market value of the land plus buildings and other improvements.

The CIV method, and using differential rating, allows councils to shift part of the rate burden from some groups of ratepayers to others, through different "rates in the dollar" for each class of property.

Section 161(1) of the Act outlines the requirements relating to differential rates, which include:

- a) A Council may raise any general rates by the application of a differential rate, if Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions.
- b) If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Councils functions and must include the following:
 - i. A definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate.
 - ii. An identification of the type or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is within a specific ward in Council's district).
 - iii. Specify the characteristics of the land, which are the criteria for declaring the differential rate.

Once the Council has declared a differential rate for any land, the Council must:

- a) Specify the objectives of the differential rates.
- b) Specify the characteristics of the land that are the criteria for declaring the differential rate.

The purpose is to ensure that each council has a sound basis on which to develop the various charging features when determining its revenue strategies and ensure that these are consistent with the provisions of the Act.

The general objectives of each of the differential rates are to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of council. There is no limit on the number or types of differential rates that can be levied. The highest differential rate can be no more than four times the lowest differential rate.

Property Valuations

The *Valuation of Land Act 1960* is the principle legislation in determining property valuations. Under the *Valuation of Land Act 1960*, the Victorian Valuer-General conducts property valuations on an annual basis.

The value of land is always derived by the principle of valuing land for its highest and best use at the relevant time of valuation.

Council needs to be mindful of the impacts of revaluations on the various property types in implementing the differential rating strategy outlined in the previous section to ensure that rises and falls in property rates remain affordable and that rating 'shocks' are, to some degree, mitigated.

Supplementary Valuations

Supplementary valuations are carried out for a variety of reasons including subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes, and corrections. The Victorian Valuer-General, who advises Council on a regular basis of valuation and Australian Valuation Property Classification Code (AVPCC) changes, undertakes supplementary valuations. The AVPCC groups properties into a category based on their existing use.

Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality. Lodgement of objections to supplementary valuations must be in accordance with Part 3 of the *Valuation of Land Act 1960*.

Objections to property valuations

Part 3 of the *Valuation of Land Act 1960* provides that a property owner may lodge an objection against the valuation or the Australian Valuation Property Classification Code (AVPCC) of a property:

- Within two months of the issue of the original or supplementary Rates and Valuation Charges Notice (Rates Notice); or
- Within four months if the notice was not originally issued to the occupier of the land.

A property owner must lodge their objection to the valuation or the AVPCC in writing to Council. On receiving a Land Tax Assessment Notice from the State Revenue Office, property owners can also object to the site valuation of their property. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Council) or within two months of receipt of their Land Tax Assessment Notice (via the State Revenue Office).

1.3.4 RATING STRATEGY

In December 2021, Council adopted its “Rating Strategy 2022-2027”. This Strategy provides for the rating of properties in the Shire, considers issues in the current rating system and options available under existing legislation, and provides a plan to implement changes to achieve fair and equitable outcomes for ratepayers. Implementation of recommendations from the Strategy occurred over two years, to minimise financial impacts on ratepayers.

The Rating Strategy recommendations were that Council:

- Undertake a comprehensive review of the classification of rate assessments.
- Revise the definitions of the differential rate categories with particular interest to the definition of farm, land management, and commercial.
- Continues the use of the CIV model of valuation.
- Does not further differentiate the commercial rating category.
- Over a two-year period, removes the LMR category and reduces the farm rate to 80%.
- Does not further differentiate the residential properties.
- Includes commercial and industrial vacant land within the definition of the vacant land category and continues to apply the 200% differential rate.
- Review the commercial land definition to include properties that are used predominantly for short-term accommodation.
- Waits for a proponent of a solar farm to apply for the payment in lieu of rates (PiLoR) assessment, and until such time, Council continues to rate the assessment under the commercial rate category.
- Does not provide an additional rebate to pensioners as a broad instrument, but rather considers further support-targeted instruments through the Hardship Policy, such as short term and long-term deferrals.
- Does not change the current rating practice for telecommunication towers.
- Does not change the current 100% rebate for Trust for Nature covenants.
- Does not change the current 100% rebate for cultural and recreational land.

1.3.5 RATING DIFFERENTIALS

Council believes each differential rate will contribute to the equitable and efficient carrying out of Council functions. Details of the objectives of each differential rate, the classes of land that are subject to each differential rate, and the uses of each differential rate are set out further below.

Advantages of a differential rating system

Summarised below are some of the advantages of utilising a differential rating system:

- There is greater flexibility to distribute the rate burden between all classes of property, and therefore link rates with the ability to pay and reflecting the tax deductibility of rates for commercial premises.
- Differential rating allows Council to reflect better the investment required by Council to establish infrastructure to meet the needs of the commercial sector.
- Such a system allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome (e.g., farming enterprises).
- Council has discretion in the imposition of rates to facilitate and encourage appropriate development of its municipal district in the best interest of the community. (i.e., vacant commercial properties still attract the commercial differential rate).

Disadvantages of a differential rating system

Summarised below are some of the disadvantages in applying differential rating:

- The justification of the differential rate can at times be difficult for the various groups to accept giving rise to queries and complaints where the differentials may seem to be excessive.
- Differential rates can be confusing to ratepayers, as they may have difficulty understanding the system. Some rating categories may feel they are treated unfavourably because they are paying a higher differential than other ratepayer groups.
- Differential rating involves a degree of administrative complexity as properties continually shift from one type to another (e.g., residential to commercial) requiring Council to update its records. Ensuring the accuracy and integrity of Council's data is critical to ensure the correct classification of properties into their right category.
- Council may not achieve the objectives it aims for through differential rating. For example, Council may set its differential rate objectives to levy a higher rate on land not developed, however it may be difficult to prove whether the rate achieves those objectives.

General Rate

Definition:

Applies to residential properties and home-based businesses that are conducted at residential premises. Vacant land that is not farm land and cannot be developed for residential purposes is also classified as general.

Objectives:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council, including (but not limited to) the:

- Construction and maintenance of assets.
- Development and provision of community services.
- Provision of general support services.

Types and classes:

Rateable land having the relevant characteristics described below:

- a) Used primarily for residential purposes.
- b) Home based businesses that are conducted at residential premises.
- c) Vacant land that is not farm land and cannot be developed for residential purposes.

Use of rate:

The differential rate will be used to fund items of expenditure described in the annual budget adopted by Council. The level of the differential rate is the level that Council considers is necessary to achieve the above-specified objectives.

Level of rate:

100%

Geographic location:

Wherever located within the municipal district.

General Farm Rate

Definition:

Any land which is “farm land” within the meaning of Section 2(1) of the *Valuation of Land Act 1960*. Farm land means any rateable land:

- a) That is not less than 2 hectares in area; and
- b) Is used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and
- c) That is used by a business:
 - i. That has a significant and substantial commercial purpose of character.
 - ii. That seeks to make a profit on a continuous or repetitive basis from its activities on the land.
 - iii. That is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

Objectives:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council, including (but not limited to) the:

- Construction and maintenance of assets.
- Development and provision of community services.
- Provision of general support services.
- Maintain agriculture as a major industry in the municipal district.
- Facilitate the longevity of the farm sector.
- Achieve a balance between providing for municipal growth and retaining the important agricultural economic base.

Types and classes:

Farm land having the relevant characteristics described below:

- a) Not less than 2 hectares in area; and
- b) Used primarily for primary production purposes; and
- c) Used by a business

Use of rate:

The differential rate will be used to fund items of expenditure described in the annual budget adopted by Council. The level of the differential rate is the level that Council considers is necessary to achieve the above-specified objectives.

Level of rate:

80% of the General Rate.

Geographic location:

Wherever located within the municipal district.

Commercial Rate

Definition:

Commercial land is any land that is:

- a) Occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services.
- b) Residential properties that are predominantly used for the purposes of short-term accommodation rental.

Objectives:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council, including (but not limited to) the:

- Construction and maintenance of assets.
- Development and provision of community services.
- Provision of general support services.

The commercial businesses situated in the Shire benefit from ongoing investment by Council in services and infrastructure, as well as promotion of tourism and economic development objectives. Council also notes the tax deductibility of Council rates for commercial properties, which is not available to the residential sector, and the income generating capability of commercial based properties.

Types and classes:

Commercial land having the relevant characteristics described below:

- a) Used primarily for commercial purposes.
- b) Residential properties used primarily for short-term accommodation rental.

Use of rate:

The differential rate will be used to fund items of expenditure described in the annual budget adopted by Council. The level of the differential rate is the level that Council considers is necessary to achieve the above-specified objectives.

Level of rate:

130% of the General Rate.

Geographic location:

Wherever located within the municipal district.

Vacant Land Rate

Definition:

Vacant land is any land that is rateable land

- a) That does not have a dwelling; or
- b) Vacant commercial or industrial land.

Objectives:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council, including (but not limited to) the:

- Construction and maintenance of assets.
- Development and provision of community services.
- Provision of general support services.

In view of the demand for affordable housing, a high vacant land rate should discourage “land banking” and encourage development of suitable residential land.

Types and classes:

Vacant land having the relevant characteristics described below:

- a) Undeveloped but suitable for building residential dwellings, or commercial or industrial buildings.

Use of rate:

The differential rate will be used to fund items of expenditure described in the annual budget adopted by Council. The level of the differential rate is the level that Council considers is necessary to achieve the above-specified objectives.

Level of rate:

200% of the General Rate.

Geographic location:

Wherever located within the municipal district.

Recreational Rate

Definition:

Applies to rateable land upon which sporting, recreational, or cultural activities are conducted, and include buildings that may be ancillary to such activities.

Objectives:

The Cultural and Recreational Lands Act 1963 provides for a council to grant a rating concession to any “recreational lands” which meet the test of being rateable land under the Act.

All profits derived by the organisation must be applied in the promoting of its objectives and must not be used in any way for the payment of any dividend or disbursement to its members.

Types and classes:

For any concession to apply, the organisation must be a cultural or recreational group and must provide a general benefit to the community.

Use of rate:

Not applicable, as no rates are generated.

Level of rate:

0%

Geographic location:

Wherever located within the municipal district.

1.3.6 MUNICIPAL CHARGE

Another principle rating option available to councils is the application of a municipal charge. Under Section 159 of the Act, Council may declare a municipal charge to cover some of the administrative costs of the Council. The legislation is not definitive on what comprises administrative costs and does not require Council to specify what the charge covers.

The application of a municipal charge represents a choice to raise a portion of the rates by a flat fee for all properties, rather than sole use of the CIV valuation method.

Under the Act, a council’s total revenue from a municipal charge in a financial year must not exceed 20 per cent of the combined sum total of the council’s total revenue from the municipal charge and the revenue from general rates (total rates).

The municipal charge applies equally to all properties and contributes to the recovery of the fixed costs of providing administrative services, irrespective of valuation. The same contribution amount per assessment can be seen as an equitable method of recovering this portion of Council’s administrative costs.

Council does not levy a municipal charge.

1.3.7 SPECIAL CHARGE SCHEMES

The Act recognises that councils need help to provide improved infrastructure for their local communities. Legislation allows councils to pass on the cost of capital infrastructure to the owner of a property that generally receives a unique benefit from the construction works.

The purposes for which special rates and special charges may be used include road construction, kerb and channelling, footpath provision, drainage, and other capital improvement projects.

The basis of declaration of the special rate or special charges is the criteria specified by the council in the rate (Section 163 (2)). In accordance with Section 163 (3), Council must specify:

- a. The wards, groups, uses or areas for which the special rate or charge is declared.
- b. The land in relation to which the special rate or special charge is declared.
- c. The manner in which the special rate or special charge will be assessed and levied.
- d. Details of the period for which the special rate or special charge remains in force.

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives. The fundamental principle of special rates and charges is proof “special benefit” applies to those being levied. For example, they could be used to fund co-operative fire prevention schemes. This would ensure that there were no ‘free-riders’ reaping the benefits but not contributing to fire prevention.

Landscaping and environmental improvement programs that benefit small or localised areas could also be funded using special rates or charges.

Council does not currently have any special charge schemes but has used them in the past to help fund works (usually construction of a footpath or sealing of a road).

1.3.8 SERVICE RATES AND CHARGES

Section 162 of the Act provides a council with the opportunity to raise service rates and charges for any of the following services:

- a. The provision of a water supply.
- b. The collection and disposal of refuse.
- c. The provision of sewage services.
- d. Any other prescribed service.

Council currently applies a compulsory service charge for the collection and disposal of recycling and refuse for properties in designated areas across the Shire. Council retains the objective of setting the service charge for waste at a level that recovers the cost of the waste services, including providing for the cost of rehabilitation of the Council’s landfill once it reaches the end of its useful life.

Should Council elect not to have a waste service charge, the same amount of funding would be required to be raised by way of an increased general rate, meaning that residents in higher valued properties would substantially pay more for the waste service than lower valued properties.

Whilst this same principle applies for rates in general, the mix of having a single fixed charge combined with valuation driven rates for the remainder of the rate invoice provides a balanced and equitable outcome.

1.3.9 COLLECTION AND ADMINISTRATION OF RATES AND CHARGES

The purpose of this section is to outline the rate payment options, processes, and the support provided to ratepayers experiencing financial hardship.

Payment options

In accordance with Section 167(1) of the Act ratepayers have the option of paying rates and charges by way of four instalments. Payments are due on the prescribed dates below:

- 1st Instalment: 30 September
- 2nd Instalment: 30 November
- 3rd Instalment: 28 February
- 4th Instalment: 31 May.

Council offers a range of payment options including:

- Online:
 - Bpay or Bpay View (through a customer's online banking).
 - Council's website, using a credit or debit card.
- In person, using cheque, credit or debit card, or cash, at:
 - Any Australia Post outlet.
 - Council's Civic Centre.
- By phone, using a credit or debit card.
- By mail (cheques only).
- By direct debit.

Interest on arrears and overdue rates

Interest is charged on all overdue rates in accordance with Section 172 of the Act. The interest rate applied is fixed under Section 2 of the *Penalty Interest Rates Act 1983*, which is determined by the Minister and published by notice in the Government Gazette. In 2023, this rate is set at 10%.

Municipal Rates Concession rebate

Holders of a Centrelink Pensioner Concession Card or a Veteran Affairs Gold Card which stipulates Totally and Permanently Incapacitated (TPI), War Widow, Extreme Disablement Adjustment (EDA) or Prisoner of War (POW) may claim a rebate on their sole or principal place of residence. Upon initial application, ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veteran Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner rebate is deducted from the rate account.

For new applicants, after being granted a Pensioner Concession Card (PCC) or Gold Card, cardholders can then apply for the rebate at any time throughout the rating year. On verification of eligibility criteria, Council can approve retrospective claims up to a maximum of one previous financial year. For periods prior to this, the relevant government department may approve claims.

Trust for Nature Covenant rebate

An annual rebate of 100% on the general rates payable to Council is available for that portion of the site value covered by the Trust for Nature Covenant permanent agreement program. This program aims to encourage positive environmental practices.

Cultural and recreational land rebate

A 100% concession is applied to the following entities in line with Council's Rating Strategy and the *Cultural and Recreational Lands Act 1963*:

- Castlemaine Bowling Club Inc.
- Castlemaine Golf Club
- Castlemaine Art Museum
- Castlemaine Lawn Tennis Club
- Mount Alexander Golf Club Inc.
- Maldon Golf Club
- Campbells Creek Bowling Club
- Harcourt Bowling Club Inc.
- Castlemaine Pistol Club
- Castlemaine Gun Club Inc.
- Maldon Bowling Club Inc.
- Newstead Bowling Club
- Chewton Bowmen Club
- Maldon Racecourse Reserve Committee of Management
- Harcourt Pony Club
- Cairn Curran Sailing Club Inc.
- Maldon Croquet Club
- Small Bore Rifle Club
- Castlemaine Croquet Club
- Buda Historic House and Garden Inc.
- Nalderun Incorporated
- Mt Alexander Vintage Engine Club Inc.
- Chewton Domain Society (old Town Hall and park area)
- Newstead Croquet Club

Deferred payments

Under Section 170 of the Act, Council may allow the deferment of the payment of any rate or charge for an eligible ratepayer whose property is their sole place of residency. This allows ratepayers an extended period to make payments or, alternatively, to forestall payments on an indefinite basis until the ratepayer ceases to own or occupy the land in respect of which rates and charges are to be levied.

Deferral of rates and charges will be considered where ratepayers have discussed their financial situation with Rates Officers. Where Council approves an application for deferral of rates or charges, interest will continue to be levied on the outstanding balance of rates and charges.

Ratepayers seeking to apply for such provision are advised to discuss their situation with a member of the Rates team.

Financial Hardship Policy

It is acknowledged at the outset that various ratepayers may experience financial hardship for a range of issues and that meeting rate obligations constitutes just one element of a number of difficulties they may face. The purpose of the Financial Hardship Policy is to provide options for ratepayers facing such situations to deal with the situation positively and reduce the strain imposed by financial hardship. Ratepayers may elect to either negotiate a rate payment plan or apply for a rate deferral. Ratepayers seeking to apply for such provision will be required to discuss their situation with a member of the Rates team.

Debt recovery

Council makes every effort to contact ratepayers at their correct address, but it is the ratepayers' responsibility to properly advise Council of their contact details. Section 122 of the *Local Government Act 2020* requires either the buyer of property, or their agents (e.g., solicitors or conveyancers), to notify Council by way of a Notice of Acquisition of an interest in land.

If an account becomes overdue, Council will issue an overdue reminder notice that will include accrued penalty interest. If the account remains unpaid, Council may take legal action without further notice to recover the overdue amount. All fees and court costs incurred will be recoverable from the ratepayer.

If an amount payable by way of rates in respect to land has been in arrears for three years or more, Council may take action to sell the property in accordance with Section 181 of the Act.

Fire Services Property Levy

In 2012, the Victorian State Government passed legislation requiring the Fire Services Property Levy (FSPL) to be collected from ratepayers. This was previously collected through building and property insurance premiums. The FSPL helps fund the services provided by Fire Rescue Victoria (previously the Metropolitan Fire Brigade and the Country Fire Authority), and all levies collected by Council are passed through to the State Revenue Office.

The FSPL is based on two components: a fixed charge, and a variable charge that is linked to the CIV of the property. This levy is not included in the rate cap and increases in the levy are at the discretion of the State Government.

Fire Services Property Levy rebate

Eligible pensioners are entitled to a rebate against the FSPL for their principal place of residence. If a pensioner currently receives a Municipal Rates Concession rebate, they automatically receive a concession on the FSPL.

1.4 OTHER REVENUE ITEMS

1.4.1 USER FEES AND CHARGES

User fees and charges are those that Council will charge for the delivery of services and use of community infrastructure.

Examples of user fees and charges include:

- Pool visitation fees
- Landfill waste management fees
- Aged care service fees
- Lease and facility hire fees.

The provision of infrastructure and services form a key part of Council's role in supporting the local community. In providing these, Council must consider a range of 'Best Value' principles including service cost and quality standards, value-for-money, and community expectations and values. Council must also balance the affordability and accessibility of infrastructure and services with its financial capacity and long-term financial sustainability.

Councils must also comply with the government's Competitive Neutrality Policy for significant business activities they provide, and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

In providing services to the community, Council must determine the extent of cost recovery for particular services consistent with the level of both individual and collective benefit that the services provide, and in line with the community's expectations.

Services provided are based on one of the following pricing methods:

- a. Market price
- b. Full cost recovery price
- c. Accessible price
- d. Incentive price.

Market pricing – Council sets prices based on the benchmarked competitive prices of alternate suppliers. In general, market price represents full cost recovery plus an allowance for profit. Market prices will be used when other providers exist in the given market, and councils need to meet their obligations under the State Government's Competitive Neutrality Policy. The State Government is party to the inter-governmental Competition Principles Agreement, which is one of the three agreements that underpin National Competition Policy. Under the Competition Principles Agreement, each State and Territory are obliged to introduce and apply competitive neutrality policy and principles to Local Government and all government agencies.

If a market price were lower than a council's full cost price, then the market price would represent Council subsidising that service. If this situation exists, and there are other suppliers existing in the market at the same price, this may mean that Council is not the most efficient supplier in the marketplace. In this situation, the

Council will consider whether there is a community service obligation and whether Council should be providing this service at all.

Full cost recovery pricing - aims to recover all direct and indirect costs incurred by Council. This pricing is used where a service provided by Council benefits individual customers specifically, rather than the community as a whole. In principle, fees and charges should be set at a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation.

Accessible pricing - Council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from full subsidies (i.e., Council provides the service free of charge) to partial subsidies, where Council provides the service to the user with a discount. The subsidy can be funded from Council's rate revenue or other sources such as Commonwealth and State Government funding programs. Full Council subsidy pricing and partial subsidy pricing should always be based on knowledge of the full cost of providing a service.

Incentive pricing - Supports Council policy that seeks to regulate or restrict certain behaviour. This is particularly relevant in animal management or community safety and amenity. For example, to discourage residents from keeping large numbers of pets, a permit is required to keep a number of pets in excess of those allowed by local law.

As per the Victorian Auditor General's Office report "*Fees and Charges – cost recovery by local government*" recommendations, Council has developed a Pricing Policy to help guide the fair and equitable setting of prices. The Policy outlines the process for setting fee prices and includes such principles as:

- Consideration of both direct and indirect costs when setting prices.
- Consideration of accessibility, affordability and efficient delivery of services.
- Competitive neutrality with commercial providers.

Council develops a schedule of fees and charges as part of its annual budget each year. Proposed pricing changes will be included in this table and communicated to stakeholders before adoption of the budget, giving them the chance to review and provide valuable feedback before adoption of the fees.

1.4.2 STATUTORY FEES AND FINES

Statutory fees and fines are those that Council collects under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the State Government department responsible for the corresponding services or legislation and, generally, councils will have limited discretion in applying these fees.

Examples of statutory fees and fines include:

- Planning and subdivision fees
- Building and inspection fees
- Infringements and fines
- Land Information Certificate fees.

Victoria's Acts and Regulations use penalty and fee units to describe the amount of a fine or a fee.

Penalty units

To define the amount payable for fines for many offences, penalty units are used. For example, the fine for selling a tobacco product to a person aged under 18 is four penalty units.

One penalty unit is currently \$184.92, from 1 July 2022 to 30 June 2023.

Indexation of the rate for penalty units occurs each financial year so that it is raised in line with inflation. The value of a penalty unit is set annually by the Department of Treasury and Finance, and is updated on 1 July each year.

Fee units

Fee units are used to calculate the cost of a certificate, registration or licence that is set out in an Act or Regulation. For example, the cost of depositing a Will with the Supreme Court Registrar of Probates is 1.6 fee units.

The value of one fee unit is currently \$15.29. The value of a fee unit is set annually by the Department of Treasury and Finance, and is updated on 1 July each year.

The cost of fees and penalties is calculated by multiplying the number of units by the current value of the fee or unit. The exact cost may be rounded up or down.

1.4.3 GRANTS

Grant revenue represents income received from other levels of government. Some grants are singular and attached to the delivery of specific projects, whilst others can be of a recurrent nature and may or may not be linked to the delivery of projects.

Council will pro-actively advocate to other levels of government for grant funding support to deliver important infrastructure and service outcomes for the community. Council may use its own funds to leverage higher grant funding and maximise external funding opportunities.

When preparing its Financial Plan, Council considers its proposed project pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for. Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.

Detailed clearly in Council's budget document are grant assumptions. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

1.4.4 CONTRIBUTIONS

Contributions represent funds received by Council, usually from non-government sources, and are usually linked to projects.

Contributions can be made to Council in the form of either cash payments or asset hand-overs.

Examples of contributions include:

- Monies collected from developers under planning and development agreements.
- Monies collected under Developer Contribution Plans (DCP's) and Infrastructure Contribution Plans (ICP's).
- Contributions from user groups towards upgrade of facilities.
- Assets handed over to Council from developers at the completion of a subdivision, such as roads, drainage, and streetlights.

Contributions should always be linked to a planning or funding agreement. Council will not undertake any work on a contribution-funded project until a signed agreement outlining the contribution details is in place.

Contributions linked to developments can be received well before any Council expenditure occurs. In this situation, the funds will be identified and held separately for the specific works identified in the agreements.

1.4.5 INTEREST ON INVESTMENTS

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of expenditure, or for special purposes. The investment portfolio is managed per Council's Cash Management Policy, which seeks to earn the best return on funds, whilst minimising risk.

1.4.6 BORROWINGS

Whilst not a source of income, borrowings can be an important cash management tool in appropriate circumstances. Loans can only be approved by Council resolution. The following financial sustainability principles must be adhered to with new borrowings:

- Borrowings must only be applied for where it can be proven that repayments can be met in the Financial Plan.
- Borrowings must not be used to fund ongoing operations or renewal capital works.
- Borrowings are appropriate for funding large capital works where the benefits are provided to future generations.
- Council will maintain its debt at levels which are sustainable, with:
 - Indebtedness <40% of rate and charges revenue, and
 - Debt servicing cost <5% of total revenue (excluding capital revenue).

1.4.7 FUTURE CONSIDERATIONS

Council regularly considers the services it provides, as well as associated service levels, and this is particularly important given the continued reform that affects its revenue streams e.g., rate capping and the Rating System Review, or Federal Government reform in the aged care sector. Given the financial pressures and growing expectations that Council works within, we will continue to explore opportunities for development of new businesses or services that would provide the opportunity to generate additional own-source income.

APPENDIX 1 - GLOSSARY

Australian Valuation Property Classification Code (AVPCC) – a classification system that assigns a code to land, based on its existing use. The AVPCC (in addition to Site Value, Capital Improved Value and Net Annual Value) forms part of every valuation in accordance with the Act.

Capital Improved Value (CIV) – the total market value of the land plus buildings and other improvements.

Essential Services Commission – an independent regulator that promotes the long term interests of Victorian consumers with respect to the price, quality and reliability of essential service.

Fair Go Rates System – establishes rate caps to limit the amount by which Victorian councils can increase rates in a year without seeking additional approval.

Net Annual Value (NAV) – the current value of a property's net annual rent (by law, Net Annual Value must be at least 5% of the Capital Improved Value for commercial property and exactly 5% of Capital Improved Value for residential property).

Payment in lieu of rates (PILOR) – allows for councils and electricity generators to negotiate annual payments under section 94(6A) of the Electricity Industry Act 2000 (EI Act).

Rate in the dollar – the total amount of money to be raised in general rates divided by the total value of all rateable properties in your area.

Services – assistance, support, advice and other actions undertaken by a council for the benefit of its local community.

Site Value (SV) – the market value of the land only.

Statement of capital works – a statement that shows all capital expenditure of a council in relation to non-current assets, as well as asset expenditure type e.g. new, renewal, upgrade or expansion.

Strategic resource plan – a plan of the financial and non-financial resources required by the council for the next four years to achieve its strategic objectives.

REQUEST FOR CARRY FORWARD

2022/2023 to 2022/2024

<u>Project Name</u>	<u>Line</u>	<u>Budget Type</u>	<u>Directorate</u>	<u>2022/2023 Current Budget</u>	<u>2022/2023 Additional Grant Funding</u>	<u>2022/2023 Actuals</u>	<u>Requested carry forward</u>	<u>Executive Team Recomm.</u>	<u>Executive Team Comment</u>
Council funded projects:									
Environmental Remediation at Castlemaine Depot	1	Capital	DID	106,374	-	31,401	74,973	74,973	
Setup of Landfill Operations in-house	2	Capital	DID	50,631	-	32,476	18,155	18,155	Co-contribution required for grant application
Strategic planning for rural lifestyle/small farm properties	3	Special	DID	60,000	-	4,000	56,000	56,000	
Industrial Land Strategy	4	Special	DID	100,000	-	11,500	88,500	88,500	
Former Wesleyan Church, Chewton - Year 1 works, Stage 1	5	Capital	DID	272,033	-	219,043	52,990	52,990	
Property Renewals - Priority Recreation Facilities, stage 3	6	Capital	DID	143,629	-	137,533	6,096	-	Annual program
Annual Playground Replacement Program	7	Capital	DID	143,629	-	141,752	1,877	-	Annual program
James Park Harcourt shade structure	8	Capital	DID	25,000	-	9,408	15,592	-	Requires additional investment of \$52.5k to deliver
Former Newstead Courthouse Priority Restoration Works	9	Capital	DID	54,378	-	47,339	7,039	7,039	PO commitment for removal of mould
Castlemaine Streetscape Plan and Design Standards Implementation	10	Special	DID	105,700	-	46,688	59,012	59,012	
Finalisation of Camp Reserve Master Plan	11	Capital	DID	463,955	-	127,646	336,309	336,309	
Business Information System	12	Capital	DCCS	165,627	-	125,282	40,345	40,345	
Cyber Security Internal Audit - Primary Server Room Fire Suppression	13	Capital	DCCS	77,972	-	972	60,000	60,000	
Frederick Street Design	14	Capital	DID	728,741	-	264,470	464,271	-	No carry forward required. See entry on page 4 concerning required budget from 2023/24 funds.
Froomes Road Bridge Replacement	15	Capital	DID	217,715	-	37,031	180,684	180,684	
Diamond Gully Roads and Intersection Diamond Gully / Ireland St, Maldon Road/Ireland St, Ireland	16	Capital	DID	377,801	-	42,783	335,018	335,018	
Contribution - Youth Takeover	17	Special	DCCS	10,000	-	-	10,000	10,000	
Middle Years Plan 2024-2027	18	Special	DCCS	25,000	-	14,178	10,822	10,822	
Motor Vehicle Purchases	19	Capital	DCCS	363,534	-	72,724	290,810	290,810	Orders have been placed during 22/23
Motor Vehicle Purchases (sales proceeds)	20	Capital	DCCS	(172,000)	-	(18,724)	(153,276)	(153,276)	Sales associated with above purchases
Economic Development Strategy 2023-2027	21	Special	CEO	68,750	-	-	68,750	68,750	
Boorp Boorp Boondyl maintenance (operating)	22	Operating	CEO	-	-	-	6,270	6,270	New item
Review of Walking and Cycling Strategy	23	Special	DID	47,079	-	23,841	10,000	10,000	
MainFM partnership funding	24	Special	DCCS	-	-	-	5,000	5,000	New item
				3,435,548	-	1,371,341	2,045,239	1,557,402	

REQUEST FOR CARRY FORWARD

2022/2023 to 2022/2024

<u>Project Name</u>	<u>Line</u>	<u>Budget Type</u>	<u>Directorate</u>	<u>2022/2023 Current Budget</u>	<u>2022/2023 Additional Grant Funding</u>	<u>2022/2023 Actuals</u>	<u>Requested carry forward</u>	<u>Executive Team Recomm.</u>	<u>Executive Team Comment</u>
Grant funded projects:									
Wellbeing Bus Flexible Local Transport Solutions	25	Special	DCCS	28,910	-	11,266	17,644	-	Project has been acquitted
Assessment - HACC	26	Operating	DCCS	39,992	-	33,928	6,064	3,518	This is unspent grant income, rather than unspent expenditure budget
Domestic Assistance - HACC	27	Operating	DCCS	95,641	-	55,342	40,299	11,400	This is unspent grant income, rather than unspent expenditure budget
Personal Care - HACC	28	Operating	DCCS	28,641	-	6,403	22,238	9,973	This is unspent grant income, rather than unspent expenditure budget
Respite Care - HACC	29	Operating	DCCS	15,403	-	1,609	13,794	14,723	This is unspent grant income, rather than unspent expenditure budget
Council Flood Support Fund - October 2022 for recreation reserves, parks, walking trails etc	30	Special	DID	-	500,000	274,698	225,302	225,302	
Kerbside Reform Transition 2021-2030	31	Special	DID	35,830	-	350	35,480	35,480	
Campbells Creek Recreation Reserve - Netball Court Design and Construct	32	Capital	DID	255,639	224,563	224,563	255,639	255,639	
Castlemaine Market Building – Stone Restoration Works	33	Capital	DID	66,296	-	42,630	23,666	23,666	
Restoring Guildford Avenue of Honour - stage 2	34	Special	DID	-	50,000	-	50,000	50,000	
Harcourt Flood Study	35	Special	DID	60,000	-	36,000	24,000	24,000	\$24k unbudgeted income to be received (see page 4)
Castlemaine Railway Precinct Master Plan	36	Special	DID	45,000	-	40,470	4,530	4,530	
Housing and Neighbourhood Character Strategy Castlemaine, Campbells Creek and Chewton	37	Special	DID	200,000		155,514	44,486	44,486	
Castlemaine Railway Precinct Conservation Management Plan	38	Special	DID	-	19,500	11,375	8,125	8,125	
Harcourt Commercial Land Demand Assessment	39	Special	DID	-	21,989	19,900	2,089	2,089	
Domestic Wastewater Compliance/Monitoring	40	Operating	DID	18,000	20,000	-	38,000	38,000	Although operating, \$18k has been assinged in a grant agreement as MASC's contribution
Connecting Communities and Builders Program	41	Special	DID	-	30,000	-	30,000	30,000	
Construction of Bill Woodfull Recreation Reserve Female Friendly Facilities	42	Capital	DID	941,203	-	106,183	835,020	835,020	See note on page 4 regarding fundig for this project
Norwood Hill Recreation Reserve - Stage 2	43	Capital	DID	365,056	-	109,168	255,888	255,888	\$23,896 unbudgeted income to be received (see page 4)
Harcourt Recreation Reserve: Floodlighting Design & Construction	44	Capital	DID	27,196	-	12,311	14,885	14,885	
Wesley Hill Doug Powell Oval Lights	45	Capital	DID	39,124	-	-	39,124	39,124	
Assessment - CHSP	46	Operating	#N/A		10,756		10,756	10,756	
HLC - Healthy Sports Club	47	Special	DCCS	-	13,000	10,733	2,267	2,267	
Healthy Loddon Campaspe	48	Special	DCCS	2,328	2,500	231	4,597	4,597	
HLC - Phase 2 Projects	49	Special	DCCS	7,657	-	(2,049)	9,706	9,706	
HLC - Newstead Bike Infrastructure	50	Special	DID	2,615	-	(1,585)	4,200	4,200	
TIMB 2.0 data modelling tool	51	Capital	DID	500,000	-	16,095	483,905	83,905	\$400k has not yet been received and won't be until decision is made on second stage of project. There is \$400k matching income available for the second stage
Castlemaine / Campbells Creek Levees - Upgrade stage 1	52	Capital	DID	1,367,792	-	113,122	1,254,670	854,000	Funds of \$2.3 million will be required in 2024/25 (total Council commitment to project = \$1.1 million)
Road Reseal - Fogarty's Gap Rd - Stage 2	53	Capital	DID	1,179,500	576,082	608,168	572,475	571,332	\$592,830 of unbudgeted grant funding received to replace Council's contribution to this project
CSISP Missing Link Trail	54	Capital	DID	926,024	-	151,563	774,461	774,461	
Feasibility Study Alternative water supply for CM Bot Garden	55	Special	DID	-	62,500	-	62,500	62,500	
Footpath Renewal	56	Capital	DID	253,278	66,080	226,111	93,247	93,247	
Mental Health Recovery Seminar	57	Special	DCCS	25,500	-	250	25,250	25,250	
Alcohol Harm Prevention Plan	58	Special	DCCS	-	11,000	-	11,000	11,000	
Jump Start Project	59	Special	DCCS	-	27,640	9,927	17,713	17,713	

REQUEST FOR CARRY FORWARD

2022/2023 to 2022/2024

<u>Project Name</u>	<u>Line</u>	<u>Budget Type</u>	<u>Directorate</u>	<u>2022/2023 Current Budget</u>	<u>2022/2023 Additional Grant Funding</u>	<u>2022/2023 Actuals</u>	<u>Requested carry forward</u>	<u>Executive Team Recomm.</u>	<u>Executive Team Comment</u>
Umbrella Project	60	Special	DCCS	-	14,239	5,875	8,364	8,364	
Local Planning and Change Management	61	Special	DCCS	-	42,000	-	42,000	42,000	
Local Government Workforce Planning	62	Special	DCCS	-	30,000	-	30,000	30,000	
Child Friendly Consultation	63	Special	DCCS	-	50,000	-	50,000	50,000	
Developing Inclusive Winter Programming	64	Special	DCCS	-	25,000	-	25,000	25,000	
Building Proud and Inclusive Playgroups	65	Special	DCCS	-	30,000	-	30,000	30,000	
Community Resilience Recovery Officer Program	66	Special	DCCS	-	192,000	12,829	179,171	179,171	
Community Recovery Hubs	67	Special	DCCS	-	526,550	-	526,550	526,550	
Engage (January to June) and (July to December) projects	68	Operating	DCCS	46,023	20,483	50,579	15,927	15,927	
Youth Mental Health Wellbeing	69	Operating	DCCS	8,374	1,206	7,539	2,041	2,041	
Emergency Resilience Trailers	70	Capital	DCCS	89,000	-	900	88,100	88,100	
Maternal Child Health projects	71	Operating	DCCS	379,407	46,827	334,500	91,734	62,277	
Family Violence Intensive Support Early in Life	72	Operating	DCCS	9,850	220	-	10,070	3,432	
Maternal & Child Health Workforce Support Clinical Supervision	73	Operating	DCCS	5,010	4,549	760	8,799	4,500	
MCH – Sleep and Settling Initiative	74	Special	DCCS	45,797	-	5,866	39,931	-	
Local Government Planning - Kindergarten Survey	75	Special	DCCS	4,278	-	-	4,278	7,000	\$7k is needed for design works for a Building Blocks application for South Castlemaine kindergarten
Three-Year-Old Kindergarten Infrastructure & Building Blocks	76	Special	DCCS	161,496	-	101,516	59,980	59,980	
Healthy Equal Youth (HEY)	77	Special	DCCS	692	-	(40)	732	732	
FReeZA	78	Operating	DCCS	32,581	14,905	39,734	7,752	7,752	
Business Concierge Service	79	Special	CEO	60,000	-	26,049	33,951	33,951	
Supported Playgroups	80	Operating	DCCS	80,701	2,757	70,953	12,505	-	
CHSP - Digital Inclusion Support	81	Special	DCCS	-	108,932	32,539	76,393	76,393	
Harcourt Strategic Biodiversity Assessment Stage 2	82	Special	DID	-	40,000	-	40,000	40,000	\$40k will also be required in 24/25
TOTAL				7,449,834	2,785,278	2,963,874	6,696,298	5,743,952	

Total (before LRCI)							\$ 8,741,537	\$ 7,301,353
Operating							\$ 286,249	\$ 190,568
Special							\$ 2,033,324	\$ 1,978,471
Capital							\$ 6,421,965	\$ 5,132,314
Total (before LRCI)							\$ 8,741,537	\$ 7,301,353

REQUEST FOR CARRY FORWARD

2022/2023 to 2022/2024

<u>Project Name</u>	<u>Line</u>	<u>Budget Type</u>	<u>Directorate</u>	<u>2022/2023</u> <u>Current</u> <u>Budget</u>	<u>2022/2023</u> <u>Additional</u> <u>Grant</u> <u>Funding</u>	<u>2022/2023</u> <u>Actuals</u>	<u>Requested</u> <u>carry forward</u>	<u>Executive</u> <u>Team Recomm.</u>	<u>Executive Team Comment</u>
LRCI 1 Program									
Remainder of program funding to be spent (project TBD)	83	Special	#N/A	48,034	-	400	47,634	47,634	
TOTAL				48,034	-	400	47,634	47,634	
LRCI income (special)							-		
LRCI income (capital)							-		
TOTAL				-	-	-	-	-	
LRCI 3 Program									
LRCI3 - Chewton Senior Citizens & Community Centre - Kitchen	84	Capital	DID	57,500	-	34,601	22,899	22,899	
LRCI3 - Bill Woodfull Recreation Reserve Sports Lighting Upgrade	85	Capital	DID	426,372	-	69,654	356,718	356,718	
LRCI3 - Castlemaine Caravan Park Essential Electrical Safety	86	Capital	DID	207,000	-	202,285	4,715	4,715	
LRCI3 - Vaughan Tarilta Low Level Crossing over the Loddon River	87	Capital	DID	1,232,822	-	110,172	1,122,650	1,122,650	
TOTAL				1,923,694	-	416,711	1,506,983	1,506,983	
LRCI income (special)							-		
LRCI income (capital)							-		
TOTAL				-	-	-	-	-	
Total (LRCI) - excluding income							\$ 1,554,617	\$ 1,554,617	
Operating							\$ -	\$ -	
Special							\$ 47,634	\$ 47,634	
Capital							\$ 1,506,983	\$ 1,506,983	
Total (LRCI) - excluding income							\$ 1,554,617	\$ 1,554,617	
Operating							\$ 286,249	\$ 190,568	
Special							\$ 2,080,958	\$ 2,026,105	
Capital							\$ 7,928,948	\$ 6,639,297	
Grand Total (all projects)							\$ 10,296,154	\$ 8,855,971	

REQUEST FOR CARRY FORWARD

2022/2023 to 2022/2024

<u>Project Name</u>	<u>Line</u>	<u>Budget Type</u>	<u>Directorate</u>	<u>2022/2023 Current Budget</u>	<u>2022/2023 Additional Grant Funding</u>	<u>2022/2023 Actuals</u>	<u>Requested carry forward</u>	<u>Executive Team Recomm.</u>	<u>Executive Team Comment</u>
Increase 2023/2024 grant income, as income received but not budgeted for						As per grant assessments			
Local Roads Resealing Program	88	Capital	DID		(714,875)	(583,800)	(131,075)		These income items highlighted blue indicate where an accounting entry is required, as well as a budget, to recognise income to be earned in 2023/2024
Castlemaine / Campbells Creek Levees - Upgrade stage 1	89	Capital	DID		(700,000)	(113,122)	(586,878)		
Castlemaine / Campbells Creek Levees - Upgrade stage 1	90	Capital	DID				(267,122)		Unbudgeted grant income expected to be earned during the year (\$586,878 above + \$267,122 = \$854,000)
Road Reseal - Fogarty's Gap Rd - Stage 2	91	Capital	DID		(623,773)	(607,025)	(16,748)		
Road Reseal - Fogarty's Gap Rd - Stage 2	92	Capital	DID				(502,342)		\$502,342 to be received on completion of project
Newstead Recreation Reserve Lighting	93	Capital	DID				(25,000)		Unbudgeted funding received BR210723
Stage 4 small-town streetscapes - Guildford and Chewton	94	Capital	DID		(303,177)	(181,637)	(121,540)		Project is finished, but income has been erroneously carried forward to 23/24 due to contract retention.
CSISP Missing Link Trail	95	Capital	DID		(838,040)	(151,563)	(686,477)		
Taradale Youth Space	96	Capital	DID		(270,000)	(38,397)	(231,603)		
Castlemaine Market Building – Stone Restoration Works	97	Capital	DID		(145,496)	(42,630)	(102,866)		
Construction of Bill Woodfull Recreation Reserve Female Friendly Facilities	98	Capital	DID		(800,000)	(106,183)	(693,817)		
Construction of Bill Woodfull Recreation Reserve Female Friendly Facilities (income budget)	99	Capital	DSD				300,000		Reduce adopted budget of \$500k to \$200k, as \$300k received early in 22/23
Norwood Hill Recreation Reserve - Stage 2	100	Capital	DSD				(23,896)		Unbudgeted funding to be received in Dec. 23
LRCI3 - Bill Woodfull Recreation Reserve Sports Lighting	101	Capital	DID		(305,975)	(69,654)	(236,321)		SRV funding of \$139k and LRCI3 funding of \$97k
LRCI3 - Vaughan Tarilta Low Level Crossing over the Loddon	102	Capital	DID		(605,487)	(104,285)	(501,202)		
Harcourt Recreation Reserve: Floodlighting Design &	103	Capital	DID		(225,000)	(12,311)	(212,689)		
Emergency Resilience Trailers	104	Capital	DCCS		(89,000)	(900)	(88,100)		
TIMB 2.0 data modelling tool	105	Capital	DID		(100,000)	(16,095)	(83,905)		
Chewton Soldiers Memorial Park Small Sided Pitch Design	106	Capital	DID		(27,000)	-	(27,000)		
Maldon Shade Structures–Maldon Kindergarten and Maldon Pool	107	Capital	DID		(37,510)	(17,092)	(20,418)		
Campbells Creek Recreation Reserve - Netball Court Design and Construct	108	Capital	DID		(225,000)	(224,563)	(437)		
CSISP Campbells Creek Fryers Road Pathway	109	Capital	DID				(119,028)		Final grant funding amount to be received
Harcourt Flood Study	110	Special	DID	(60,000)	-	(36,000)	(24,000)		Final grant funding amount to be received
Frederick Street Design (income budget)	111	Capital	DID				482,212		RTR funding will no longer be allocated to this project
Frederick Street Design	112	Capital	DID				(976,257)		23/24 Frederick St budget is \$1.636m; as only \$660k is estimated as required, reduction of \$976k
Gravel Road Resheeting	113	Capital	DID				(482,212)		The above funding removed from Frederick St is being allocated to the resheeting program
VLGGC funding	114	Operating					5,769,586		Reduce 23/24 budgeted income to \$286k as the majority of the income was received early in June 2023.
							390,866		

Mount Alexander Shire Council

Performance Statement

For the Year Ended 30 June 2023

Our shire

Our community comprises more than 20,000 people with most living in and around the townships of Castlemaine, Harcourt, Maldon, Campbells Creek, Newstead, Elphinstone, Guildford, Chewton and Taradale.

Located within commuting distance of Melbourne and Bendigo, the popularity of the shire continues to grow as new residents move to the area to make the most of the lifestyle and all the shire has to offer.

Further information is detailed in the Annual Report 2022/2023.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations and Comments
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Sustainable Capacity Indicators

Population <i>Expenses per head of municipal population</i> <i>[Total expenses / Municipal population]</i>	\$1,977.02	\$2,151.62	\$2,268.87	\$2,154.89	Expenses in 2021/2022 were higher than usual mainly due to the increase in the provision for landfill liability to reflect the estimated costs associated with cell capping at the Castlemaine landfill. With the cell capping works completed in 2022/2023 expenses have decreased by 4%.
<i>Infrastructure per head of municipal population</i> <i>[Value of infrastructure / Municipal population]</i>	\$16,974.79	\$17,152.89	\$18,075.10	\$18,422.53	\$9.7 million (net) in asset revaluations were undertaken on buildings, roads, bridges, drainage, kerb and channel, and footpath asset classes in 2022/2023. In addition, capital works to maintain the Shire's assets and infrastructure continue in line with the long term Financial Plan, with the assistance of grant funding, while population growth remains low.
<i>Population density per length of road</i> <i>[Municipal population / Kilometres of local roads]</i>	13.86	14.03	14.10	14.22	Population growth remains low (1%) with minimal change in length of local roads.
Own-source revenue <i>Own-source revenue per head of municipal population</i> <i>[Own-source revenue / Municipal population]</i>	\$1,385.64	\$1,495.28	\$1,444.69	\$1,569.39	2022/2023 includes a decrease to the estimated future provision for the cost of landfill rehabilitation (\$933k) that is required to be recognised as income. In addition, interest eared on term deposits is \$746,494 greater than in 2021/2022. Population growth continues to remain low.
Recurrent grants <i>Recurrent grants per head of municipal population</i> <i>[Recurrent grants / Municipal population]</i>	\$427.10	\$442.28	\$543.37	\$564.75	A greater increase to recurrent operating grant funding occurred in 2022/2023 with 100% (\$6.31 million) of the 2023/2024 allocation of Federal Assistance Grant funding brought forward, while population growth remains low.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> <i>[Index of Relative Socio-Economic Disadvantage by decile]</i>	6.00	6.00	6.00	6.00	Socio-economic disadvantage index remains stable compared to prior years.
Workforce turnover <i>Percentage of staff turnover</i> <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	16.0%	15.1%	34.2%	18.7%	An error was identified in calculating staff turnover in 2021/2022 whereby casuals and fixed term resignations/terminations were included. The result should have been 22.83%. Comparing to the correct measure, year-on-year, staff turnover has decreased by 18.22% and appears to be returning to pre-pandemic levels.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Definitions

"infrastructure" means non-current property, plant and equipment excluding land.

"local roads" means sealed or unsealed roads for which the council is the responsible road authority under the *Road Management Act 2004*. It includes right-of-ways and laneways.

"own-source revenue" means adjusted underlying revenue excluding revenue which is not under the control of council (including government grants).

"non-recurrent grants" means operating or capital grants obtained on the condition that they may be expended in a specified manner and not expected to be received again during the period covered by the Financial Plan.

"population" means the resident population of the municipal district estimated by council.

"recurrent grants" means operating or capital grant other than non-recurrent grants.

"relative socio-economic disadvantage", in relation to a municipality, means a general socio-economic index that summarises a range of information about the economic and social conditions of people and households within an area. The index includes only measures of relative disadvantage and is expressed as a **decile** for the relevant financial year of the area in which the municipality is located according to the Victorian Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001).

"resignations and terminations" means all permanent employees (including senior officers on contract) that leave the council and includes resignations, terminations, retirements and redundancies. This should exclude short term contingent workers i.e. contracts of less than six months.

"total expenses" means total expenditure or costs incurred or required.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations and Comments
---------------------	-----------------	-----------------	-----------------	-----------------	----------------------------------

Service Performance Indicators

Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> <i>[Number of visits to aquatic facilities / Municipal population]</i>	0.90	0.78	1.03	0.96	Council has four outdoor seasonal pools open from December through to the second Monday in March. This season patron attendances were slightly down on the previous year due to cooler summer temperatures. Also, due to these cooler temperatures the pools were closed for 20 days, which affected attendances.
Animal Management Health and safety <i>Animal management prosecutions</i> <i>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</i>	100%	100%	100%	0%	No animal prosecutions were undertaken for 2022/2023.
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> <i>[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</i>	100.00%	16.22%	61.54%	90.91%	Similar to the improvement in 2021/2022, critical and major non-compliance follow-ups increased as inspection routines return to normal after several years of COVID-19 lockdowns.
Governance Satisfaction <i>Satisfaction with council decisions</i> <i>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</i>	49.00	55.00	50.00	48.00	Council has endeavoured to raise public awareness of its decisions, meetings, and activities through media releases, live streaming of Council Meetings to the internet, and actively encouraging community involvement in projects via our online community engagement platform.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Material Variations and Comments
Service Performance Indicators					
Libraries Participation Active library borrowers in municipality <i>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	23.10%	20.22%	17.85%	18.04%	In 2020/2021 the library was closed for 87 days during COVID-19 lockdowns, reducing the ability of people to be active borrowers. Average borrower numbers over the last three years (2020/2021 to 2022/2023) have increased by 2% each year while average population over the last three years has only increased by 1%.
Maternal and Child Health (MCH) Participation Participation in the MCH service <i>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i>	86.50%	87.34%	84.66%	82.39%	Attendance decreased by 2.6% while enrolments remained stable.
Maternal and Child Health (MCH) Participation Participation in the MCH service by Aboriginal children <i>[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</i>	77.78%	96.77%	87.88%	86.84%	Low numbers of Aboriginal children (9 in 2019/2020, 15 in 2020/2021, 16.5 in 2021/2022, 19 in 2022/2023) can skew the percentage change between years.
Roads Satisfaction Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	50.00	56.00	51.00	47.00	There was a slight decline in customer satisfaction reported in the 2022/2023 survey, but overall, there haven't been any significant changes in the way the council provides services. The recent flood events may have contributed to the drop in satisfaction, but the council is still making great efforts to restore the roads to their pre-flood conditions.
Statutory Planning Decision making Council planning decisions upheld at VCAT <i>[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</i>	33.33%	75.00%	66.67%	80.00%	There were five VCAT decisions during this reporting period, with four being upheld by VCAT. Numbers of appeals made to VCAT were three in 2021/2022 and four in 2020/2021.
Waste Collection Waste diversion Kerbside collection waste diverted from landfill <i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>	36.30%	34.08%	34.09%	35.02%	Kerbside collection waste diverted from landfill has improved by 2.75% compared to 2021/2022.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Definitions

"Aboriginal" means Aboriginal and Torres Straight Islander people.

"active library borrowers" means a borrower of a library who has borrowed a book or other resource from the library.

"aquatic facility" means a council operated facility that includes at least one wet area for swimming and/or water play. The facility may be operated on a seasonal basis or available for use all year round. It excludes facilities where council does not have operational control.

"book or other resources" means all print material (such as books, magazines, serials, maps, plans, manuscripts), audio visual and digital materials (such as audio books, CDs, CD-ROMs, videos, computer games, e-books), toys, games and equipment on hand (that can be reserved or borrowed) at the end of the reporting period. This includes music streaming services and other such digital services where the borrowing of the service can be quantified. This does exclude the booking of Library facilities e.g. meeting and conference rooms or outdoor areas.

"children" means children aged 0 to 3.5 years.

"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 authorised officer under that Act, of a deficiency *that poses an immediate serious threat* to public health and must be followed up by the Council. This includes situations where there is a serious risk of food being sold that is unsafe to eat. Each case must be examined on its merits, in deciding what outcome to assign to a compliance check.

"follow-up" means follow up of a critical non-compliance outcome notification or a major non-compliance outcome notification will normally involve council inspecting the premises. It can include council verifying that a non-compliance, which was originally detected at the initial audit phase by an auditor or authorised officer (and notified to council under section 19N(3) of the Food Act) has been remedied by the business. In this case, council must receive written confirmation of this fact from the auditor or authorised officer. Where a non-compliance outcome notification requires multiple follow up visits, only the first follow up visit is to be counted. The subsequent follow up visits should not be counted.

"kerbside collection bin" means a container used as part of the Council's formal kerbside collection systems.

"local road" means sealed or unsealed roads for which the council is the responsible road authority under the *Road Management Act 2004*. It includes right-of-ways and laneways.

"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 authorised officer under that Act, if it relates to a deficiency *that does not pose an immediate serious threat* to public health but which may do so if no remedial action is taken and must be followed up by the council. Typically, auditor or authorised officer notifications that fall into this category will be received under section 19N(4) at the conclusion of the audit process.

A number of major non-compliances may result in the outcome of the compliance check being categorised as critical, if when taken together they pose an immediate serious threat to public health. Judgement must be exercised about whether non-compliances detected amount to a critical or major non-compliance.

"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.

"not set aside" means where the tribunal has found in favour of the original decision. The decision 'Not Set Aside' includes upheld, varied, affirmed, not appealed and remitted. In this context, 'not appealed' refers to VCAT's decision not being appealed by the parties involved. The measure is concerned with decisions that are made by VCAT in support of council's decision.

"planning application" means a completed regular or VicSmart planning permit application on the prescribed form lodged with a council (the responsible authority) accompanied by a complete description of the proposal and the prescribed fee.

"population" means the resident population of the municipal district estimated by council.

"sealed local roads" means sealed roads under the control of the municipality and includes the road pavement and road seal (and kerb and channel where applicable).

"successful animal management prosecutions" means any charge (excluding unpaid fines) brought by Council under the *Domestic Animals Act 1994* against a defendant and found in favour of Council in a court of law, or where successfully appealed, in the appeal court. This would include the issuing of good behaviour bonds or court diversions. Where a group of charges is brought against a defendant, the group should be counted as one prosecution.

"total number of animal management prosecutions" means any charge (excluding unpaid fines) brought by Council under the *Domestic Animals Act 1994* against a defendant in a court of law, or in the appeal court. Where a group of charges is brought against a defendant, the group should be counted as one prosecution.

"VicSmart" means a streamlined planning permit assessment process for low impact applications.

"VCAT" means The Victorian Civil and Administrative Tribunal hears cases and resolves disputes through negotiation, mediation and hearings

"VCAT decisions" means all decisions on applications for review by VCAT as per Part 4, Division 2 of the *Planning and Environment Act 1987*. It does not include consent orders approved by VCAT or applications withdrawn.

"visit" means a visit to an aquatic facility in person. It also includes attendees at carnivals.

PERFORMANCE STATEMENT
For the year ended 30 June 2023

Financial Performance Indicators

Dimension/indicator /measure	Results	Results	Results	Results	Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency <i>Expenditure level</i> <i>Expenses per property assessment</i> <i>[Total expenses / Number of property assessments]</i>	\$3,285	\$3,561	\$3,711	\$3,537	\$3,553	\$3,615	\$3,642	\$3,707	<p>Expenses in 2021/2022 were higher than usual mainly due to the increase in the provision for landfill liability to reflect the estimated costs associated with cell capping at the Castlemaine landfill. With the cell capping works completed in 2022/2023 expenses have decreased by 4%. Forecast results expect an average increase of 1%.</p>
<i>Revenue level</i> <i>Average rate per property assessment</i> <i>[General rates and Municipal charges / Number of property assessments]</i>	\$1,650	\$1,687	\$1,711	\$1,753	\$1,815	\$1,844	\$1,879	\$1,916	<p>Increase is in line with the Fair go Rate System (FGRS). Forecast results are conservatively averaging 2.2% rate caps, with property assessment numbers expected to remain stable.</p>
Liquidity <i>Working capital</i> <i>Current assets compared to current liabilities</i> <i>[Current assets / Current liabilities] x100</i>	300.02%	244.90%	186.20%	284.33%	392.05%	347.91%	403.20%	424.59%	<p>Current liabilities decreased by 32% at 30 June 2023 with the completion of cell capping works (paid from the landfill provision) at the Castlemaine landfill). In comparison current assets increased by 3%. The ratio increases in forecast years to reflect the reduction in loan borrowings as existing loans are paid off.</p>

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Financial Performance Indicators

Dimension/indicator /measure	Results 2020	Results 2021	Results 2022	Results 2023	Forecasts				Material Variations
					2024	2025	2026	2027	
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	-1.68%	-0.93%	-47.21%	-73.48%	-12.16%	70.95%	90.42%	103.86%	An error was identified in calculating unrestricted cash in prior years and results should have been 2019/2020 +27.02%, 2020/2021 -15.94% and 2021/2022 -47.03%. Council's term deposits are invested for periods of up to twelve months and these funds are not included in the calculation of unrestricted cash. If these funds were included, Council's unrestricted cash ratio would be 106.21% for 2022/2023. Carried forward capital works and conditional grants unspent are unknown and not considered for unrestricted cash in future years.
Obligations Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	14.30%	12.76%	7.52%	6.55%	5.85%	5.24%	0.49%	0.00%	No new loans occurred during the year, while principal repayments were made across the year that reduced the level of borrowings. No new loans have currently been budgeted for.
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.68%	1.55%	5.30%	1.04%	0.69%	0.67%	4.80%	0.48%	One loan was paid off during 2019/2020 year. Two loans were paid off during 2021/2022 year, including one that required a \$1M balloon repayment, and two loans were paid off and no new loans were drawn down in 2022/2023 year. No new loans have currently been budgeted for.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Financial Performance Indicators

Dimension/indicator /measure	Results 2020	Results 2021	Results 2022	Results 2023	2024	Forecasts 2025	2026	2027	Material Variations
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	34.15%	24.99%	14.82%	12.42%	13.60%	8.86%	7.72%	7.27%	Non-current liabilities decreased from June 2022 to June 2023 due to the decreased non-current provision for landfill rehabilitation costs as capping of the Castlemaine landfill was completed in May 2023. The continuation with declining own source revenue growth is expected in forecast years due to rate capping while non current liabilities are reducing with borrowings being paid off.
Asset renewal and upgrade Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	118.03%	67.75%	81.99%	84.86%	127.47%	119.88%	110.05%	118.21%	\$7.4M of renewal works were completed. during 2022/2023 and \$3.4M of new capital works was also completed. Forecast years focus more on completing renewal works and some upgrade works with the indicator returning to above 100% in 2023/2024.
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-5.92%	2.88%	-9.03%	8.11%	-5.21%	-8.27%	-7.21%	-7.24%	Overall, income was 29% greater than budget, while expenses were 5% greater than budget. In terms of income, the 2023/2024 Federal Assistance Grants was paid early in 2022/2023 (\$6.3M), an unbudgeted amount of \$933k was recognised for a reduction in the expected future cost of landfill rehabilitation works, interest income was greater than budget by \$703k, and contributions, both monetary and non-monetary, were greater than budget by \$1.22 million.

PERFORMANCE STATEMENT
For the year ended 30 June 2023

Financial Performance Indicators

Dimension/indicator /measure	Results	Results	Results	Results	Forecasts				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Stability									
<i>Rates concentration</i>									
<i>Rates compared to adjusted underlying revenue</i> <i>[Rate revenue / Adjusted underlying revenue] x100</i>	65.30%	56.51%	61.54%	55.59%	65.76%	67.68%	67.88%	68.08%	Total rate revenue (including waste charges) increased by 2.7%. The adjusted underlying revenue increased by 13.7% in 2022/2023, due to an increase in operating grants received. This increase in grants is not expected to continue in forecast years.
<i>Rates effort</i>									
<i>Rates compared to property values</i> <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.45%	0.42%	0.40%	0.32%	0.30%	0.29%	0.29%	0.28%	Capital improved values (CIV) have increased at a greater rate than rates revenue and is expected to continue in forecast years.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Definitions

"adjusted underlying revenue" means total income other than:

- non-recurrent capital grants used to fund capital expenditure;
- non-monetary asset contributions;
- 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 depreciation" means expenditure a council's use of its physical assets through a systematic reduction in their value over time, usually to reflect wear and tear. Refers to total depreciation of all assets, not just the depreciation on renewed or upgraded assets.

"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.

"asset upgrade expenditure" means expenditure that enhances an existing asset to provide a higher level of service or increases the life of the asset beyond its original life.

"capital improved value (CIV)" means the market value of a property and is measured at the end of the year and includes all valuation adjustments (e.g. supplementary valuations).

"current assets" means assets that the council expects to recover or realise within the following financial year.

"current liabilities" means an obligation or liability that is due to be settled, or paid, within one year.

"interest bearing loans and borrowings" means a loan or borrowing in which the debt is expressed as a principal amount and interest is calculated, charged, and collected on unpaid balances.

"interest and principal repayments" means is repayments made on principal amounts and/or interest from interest bearing loans or borrowings, where the debt is expressed as a principal amount and interest is calculated, charged, and collected on unpaid balances.

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

"non-current liabilities" means financial liabilities that provide financing on a long-term basis and are not due for settlement within twelve months after the reporting period.

"non-recurrent grants" means operating or capital grants obtained on the condition that they may be expended in a specified manner and not expected to be received again during the period covered by the Financial Plan.

"number of property assessments" means the number of rateable properties as at 1 July.

"own-source revenue" means adjusted underlying revenue excluding revenue which is not under the control of council (including government grants).

"population" means the resident population of the municipal district estimated by council.

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges (e.g. garbage, recycling and organic charges) levied on rateable properties.

"recurrent grants" means operating or capital grant other than non-recurrent grants.

"restricted cash" means cash and cash equivalents and financial assets, 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 that will be used to fund carry forward capital works from the previous financial year.

Items which are considered to be restricted under the definition are:

- trust funds and deposits
- statutory or non-discretionary reserves
- cash held to fund carry forward capital works
- conditional grants unspent.

term deposits with an original maturity of greater than 90 days (i.e. other financial assets) are also considered to be restricted under this definition.

"total rate revenue" means total revenue leviable from general rates, municipal charges and supplementary rates on rateable properties as at 1 July. This excludes service rates and service charges.

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

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Other Information

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 basis 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, the results forecast by the council's Financial 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 Financial Plan on 20 June 2023 and which forms part of the council plan. The Financial Plan includes estimates based on key assumptions about the future that are relevant at the time of adoption adjusted to match definition required for performance statement reporting 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 Financial Plan is available on Council's website.

PERFORMANCE STATEMENT

For the year ended 30 June 2023

Other Information

2. Impact of COVID 19 pandemic on Council operations and 2022-2023 performance statement

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations, however there were no significant impacts on its financial operations.

Certification of the Performance Statement

In my opinion, the accompanying Performance Statement has been prepared in accordance with the *Local Government Act 2020*, the Local Government (Finance and Reporting) Regulations 2020.

Carolyn Ross, Certified Practicing Accountant (CPA)

Principal Accounting Officer

Date:

In our opinion the accompanying Performance Statement of the Mount Alexander Shire Council for the year ended 30 June 2023 presents fairly 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.

As at the time of signing, we are not aware of any circumstance which 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.

Councillor Rosie Annear

Mayor

Date:

Councillor XX

Councillor

Date:

Darren Fuzzard

Chief Executive Officer

Date:



**Mount Alexander Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2023

Mount Alexander Shire Council

Financial Report

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Mount Alexander Shire 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.

Carolyn Ross, Certified Practicing Accountant (CPA)
Principal Accounting Officer

Date :
Castlemaine

In our opinion the accompanying financial statements present fairly the financial transactions of the Mount Alexander Shire 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.

Councillor Rosie Annear
Mayor
Date :
Castlemaine

Councillor Matthew Driscoll
Councillor
Date :
Castlemaine

Darren Fuzzard
Chief Executive Officer
Date :
Castlemaine

*Mount Alexander Shire Council
2022/2023 Financial Report*

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Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income/revenue			
Rates and charges	3.1	26,450	25,748
Statutory fees and fines	3.2	940	1,048
User fees	3.3	1,585	1,410
Grants - operating	3.4	13,714	11,586
Grants - capital	3.4	3,860	6,249
Contributions - monetary	3.5	1,117	156
Contributions - non-monetary	3.5	392	1,730
(Increase)/decrease on provision for landfill liability	2.1	933	(4,265)
Share of net profits (or loss) of associates and joint ventures	6.2	0	29
Other income	3.7	1,938	812
Total income/revenue		50,929	44,502
Expenses			
Employee costs	4.1	17,761	16,993
Materials and services	4.2	13,597	12,310
Depreciation	4.3	9,005	9,157
Amortisation - intangible assets	4.4	177	193
Amortisation - right-of-use assets	4.5	33	13
Bad and doubtful debts - allowance for impairment losses	4.6	61	(8)
Net (gain) or loss on disposal of property, infrastructure, plant and equipment	3.6	1,400	1,018
Borrowing costs	4.7	71	98
Finance costs - leases	4.6	7	2
Other expenses	4.8	1,615	1,577
Total expenses		43,727	41,352
Surplus/(deficit) for the year		7,202	3,150
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	9,691	24,614
Total other comprehensive income		9,691	24,614
Total comprehensive result		16,893	27,764

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

Mount Alexander Shire 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(a)	8,397	6,368
Trade and other receivables	5.1(c)	3,142	3,154
Other financial assets	5.1(b)	22,750	24,700
Inventories	5.2(a)	95	72
Other assets	5.2(b)	1,615	315
Total current assets		35,999	34,610
Non-current assets			
Other financial assets	5.1(b)	-	1,250
Investments in associates, joint arrangements and subsidiaries	6.2	660	659
Property, infrastructure, plant and equipment	6.1	416,470	406,317
Right-of-use assets	5.8	520	50
Intangible assets	5.2(c)	751	898
Total non-current assets		418,401	409,174
Total assets		454,400	443,784
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	2,485	2,554
Trust funds and deposits	5.3(b)	1,097	922
Unearned income	5.3(c)	5,255	4,449
Provisions	5.5	3,591	10,447
Interest-bearing liabilities	5.4	126	203
Lease liabilities	5.8	107	13
Total current liabilities		12,661	18,588
Non-current liabilities			
Provisions	5.5	1,930	2,534
Interest-bearing liabilities	5.4	1,607	1,733
Lease liabilities	5.8	418	38
Total non-current liabilities		3,955	4,305
Total liabilities		16,616	22,893
Net assets		437,784	420,891
Equity			
Accumulated surplus		112,036	103,184
Reserves	9.1	325,748	317,707
Total equity		437,784	420,891

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

Mount Alexander Shire 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		420,891	103,184	290,069	27,637
Surplus/(deficit) for the year		7,202	7,202	-	-
Net asset revaluation increment/(decrement)	6.1	9,691	-	9,691	-
Transfers to other reserves	9.1(b)	-	(19,018)	-	19,018
Transfers from other reserves	9.1(b)	-	20,668	-	(20,668)
Balance at end of the financial year		437,784	112,036	299,760	25,987

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022					
Balance at beginning of the financial year		393,126	102,641	265,455	25,030
Surplus/(deficit) for the year		3,150	3,150	-	-
Net asset revaluation increment/(decrement)	6.1	24,614	-	24,614	-
Transfers to other reserves	9.1(b)	-	(14,577)	-	14,577
Transfers from other reserves	9.1(b)	-	11,970	-	(11,970)
Balance at end of the financial year		420,891	103,184	290,069	27,637

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

Statement of Cash Flows For the Year Ended 30 June 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		25,884	26,143
Statutory fees and fines		940	1,048
User fees		1,585	1,410
Grants - operating		13,950	11,241
Grants - capital		3,683	6,005
Contributions - monetary		1,117	156
Interest received		1,179	272
Trust funds and deposits (net)		175	(234)
Other receipts		835	455
Net GST refund/(payment)		(2,902)	(2,162)
Employee costs		(17,488)	(16,798)
Materials and services		(10,589)	(10,660)
Landfill rehabilitation costs		(6,801)	(109)
Other payments		(1,623)	(1,577)
Net cash provided by operating activities	9.2	9,947	15,190
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(11,022)	(11,391)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	219	218
Payments for investments		(22,750)	(25,950)
Proceeds from sale of investments		25,950	15,500
Net cash (used in) investing activities		(7,603)	(21,623)
Cash flows from financing activities			
Finance costs		(71)	(105)
Repayment of borrowings		(203)	(1,260)
Interest paid - lease liability		(7)	(2)
Repayment of lease liability		(33)	(13)
Net cash (used in) financing activities		(314)	(1,380)
Net increase/(decrease) in cash and cash equivalents		2,029	(7,813)
Cash and cash equivalents at the beginning of the financial year		6,368	14,181
Cash and cash equivalents at the end of the financial year		8,397	6,368

Financing arrangements 5.6

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

Statement of Capital Works For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Property			
Land improvements		356	139
Total land		356	139
Buildings		2,960	1,924
Site improvements		-	1,696
Total buildings		2,960	3,620
Total property		3,316	3,759
Plant and equipment			
Plant, machinery, and equipment		1,328	1,037
Computers and telecommunications		548	97
Intangibles		16	281
Total plant and equipment		1,892	1,415
Infrastructure			
Roads		4,276	4,819
Bridges		312	382
Footpaths and cycleways		958	693
Drainage		238	217
Waste management		30	105
Total infrastructure		5,814	6,216
Total capital works expenditure		11,022	11,390
Represented by:			
New asset expenditure		3,380	3,883
Asset renewal expenditure		7,354	7,474
Asset expansion expenditure		-	-
Asset upgrade expenditure		288	33
Total capital works expenditure		11,022	11,390

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

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

Note 1 OVERVIEW

Introduction

The Mount Alexander Shire Council was established by an Order of the Governor in Council on 17 January 1995 and is a body corporate. The Council's main office is located at the corner of Lyttleton and Lloyd Streets, Castlemaine.

Statement of compliance

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

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

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

- The fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1).
- The determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1).
- The determination of employee provisions (refer to Note 5.5).
- The determination of landfill 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).
- The determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8).
- Whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable.
- Other areas requiring judgements.

Note 1 OVERVIEW continued

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.

(b) Impact of Covid-19

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations, however there were no significant impacts on its financial operations.

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

Note 2 ANALYSIS OF OUR RESULTS

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold with explanations provided if the variance is greater than 10 percent and greater than \$100,000. 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	26,339	26,450	110	0%	
Statutory fees and fines	1,258	940	(319)	(25%)	1
User fees	1,431	1,585	154	11%	
Grants - operating	4,044	13,714	9,670	239%	2
Grants - capital	5,369	3,860	(1,508)	(28%)	3
Contributions - monetary	257	1,117	860	335%	4
Contributions - non monetary	34	392	357	1042%	5
Decrease on provision for landfill liability	-	933	933	0%	6
Share of net profits/(losses) of associates and joint ventures	5	0	(5)	(91%)	
Other income	760	1,938	1,178	155%	7
Total income	39,498	50,929	11,431	29%	
Expenses					
Employee costs	18,399	17,761	(638)	(3%)	
Materials and services	11,576	13,597	2,021	17%	8
Depreciation	9,130	9,005	(125)	(1%)	
Amortisation - intangible assets	193	177	(16)	(8%)	
Amortisation - right of use assets	84	33	-	0%	
Bad and doubtful debts - allowance for impairment losses	9	61	52	574%	
Net loss on disposal of property, infrastructure, plant and equipment	546	1,400	854	156%	9
Borrowing costs	68	71	3	5%	
Finance costs - leases	12	7	-	0%	
Other expenses	1,534	1,615	81	5%	
Total expenses	41,551	43,727	2,231	5%	
Surplus/(deficit) for the year	(2,053)	7,202	9,200	448%	

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

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Actual statutory fees and fines for all categories are less than budgeted. The major variances are in parking fines (\$137k), building permits and fees (\$61k), animal registrations (\$55k), statutory planning (\$37k), and engineering services (\$40k).
2	Grants - operating	Significantly more non-recurrent grant funding has been received from the State Government than was initially expected including: \$1.6 million for recovery works after a storm/flood event in October 2022; \$527k for establishing community hubs after this event, and \$192k to employ Community Resilience Officers; \$237k for various programs that support families and children. The State Government has also contributed \$50k towards restoring the Guildford Avenue of Honour, and has paid the 2023/24 Municipal Emergency Resourcing Program funding early in 2022/23 (\$120k). In addition, the Federal Government brought forward 100% of the payment of the 2023/2024 financial assistance grants (\$6.35 million), and they have contributed \$108k in unbudgeted funding for a Digital Inclusion project.
3	Grants - capital	There are numerous variances, both positive and negative, that make up this amount. The largest variance is in the LRCI3 funding stream granted by the Federal Government with income recognised that is \$1.5m less than budget. Other large negative variances (where budgeted income has not been received or recognised) include the Castlemaine and Campbells Creek levees project (\$587k), construction of facilities at Bill Woodfull Recreation Reserve (\$394k), and the TIMB 2.0 data modelling tool (\$484k). These are offset by variances where income has been received but had not been budgeted for, including Welcome to Country installation (carry forward budget of \$236k), Campbells Creek netball court (\$225k), and reseal of Fogarty's Gap Road (\$607k).
4	Contributions - monetary	Significant unbudgeted contributions have been received from developers, and these funds will be transferred to a reserve until required (\$644k). Contributions for open space fees are greater than budget by \$186k with the timing of these contributions being difficult to estimate as they are reliant on permit holders submitting subdivision applications; these funds will also be transferred to a reserve until they are required.
5	Contributions - non monetary	Assets that were gifted from developers this financial year and not budgeted for include roads (\$84k), drainage (\$246k) and footpaths (\$34k).
6	Decrease on provision for landfill liability	The estimated future costs of rehabilitating the landfill have decreased due to changes in the inflation rate and expected future interest rates., as well as cell capping works at the Castlemaine landfill being completed during the year at a cost less than anticipated.
7	Other income	Interest income on investments is greater than budget due to higher than expected interest rates (\$703k). Unbudgeted monies were received for an insurance claim on damaged machinery (\$166k), carbon certificated credits (\$65k), as well as reimbursement for the cost of works (\$66k).

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

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Item	Explanation
8	Materials and services	Approximately \$1.78 million in unbudgeted expenditure has been incurred for the October 2022 storm/flood event; it is expected that most of this cost will be reimbursed by the State and Federal Government. This variance is offset by positive and negative variances across the organisation in waste management (\$590k positive), plant and fleet (\$510k positive), strategic planning (\$246k negative), HR & payroll (\$86k negative), parks and gardens (\$241k negative), building services (\$198k negative), information technology (\$169k negative), works (\$95k negative).
9	Net loss on disposal of property, infrastructure, plant and equipment	Unbudgeted disposal of infrastructure assets greater than budget was incurred (\$854k). These disposals represent the value of existing assets being replaced, such as roads, which are recognised at their written down value. A breakdown by asset class includes: <ul style="list-style-type: none"> - land (-\$262k) - plant and motor vehicles (\$21k) - infrastructure (-\$613k).

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

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	1,505	356	(1,149)	(76%)	1
Total land	1,505	356	(1,149)	(76%)	
Buildings & site improvements	3,296	2,960	(336)	(10%)	2
Total buildings	3,296	2,960	(336)	(10%)	
Total property	4,801	3,316	(1,485)	(31%)	
Plant and equipment					
Plant, machinery and equipment	1,197	1,328	131	11%	3
Computers and telecommunications	449	548	99	22%	4
Intangibles	500	16	(484)	0%	5
Total plant and equipment	2,146	1,892	(254)	(12%)	
Infrastructure					
Roads	3,619	4,276	657	18%	6
Bridges	1,644	312	(1,332)	(81%)	7
Footpaths and cycleways	800	958	158	20%	8
Drainage	310	238	(72)	(23%)	
Waste management	-	30	30	0%	
Total infrastructure	6,373	5,814	(559)	(9%)	
Total capital works expenditure	13,320	11,022	(2,299)	(17%)	
Represented by:					
New asset expenditure	2,298	3,380	1,082	47%	
Asset renewal expenditure	8,262	7,354	(908)	(11%)	
Asset expansion expenditure	-	-	-	0%	
Asset upgrade expenditure	2,760	288	(2,472)	(90%)	
Total capital works expenditure	13,320	11,022	(2,299)	(17%)	

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

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land improvements	Works on constructing several levee banks through Castlemaine and Campbells Creek require designs to be finalised before construction can commence (\$938k); landscaping works are expected to commence in August and equipment is expected to be installed in September for the Norwood Hill Recreation Reserve redevelopment (\$265k).
2	Buildings & site improvements	A number of projects account for this variance: Construction of female friendly facilities at Bill Woodfull Recreation Reserve (\$857k underspent) with construction contract awarded at the May 2023 Meeting of Council; Bill Woodfull Recreation Reserve lights (\$358k), offset by overspends in the Boorp Boorp Boondyl installation (\$236k, not inclusive of carry forward of \$236k), glass recycling facilities (\$215k, not inclusive of carry forward of \$265k), Castlemaine Botanical Gardens gate and fountain restoration (\$100k, not including carry forward of \$144k), and Newstead Recreation Reserve lighting (\$205k, due to unbudgeted grant funds being received).
3	Plant, machinery and equipment	Due to the order of a budgeted purchase of a Flocon truck not being able to be filled in 2022/2023, the purchase of a grader was brought forward from its expected purchase date in 2023/2024 (\$510k). This is offset by orders for motor vehicles unable to be filled in 2022/2023 (\$291k). In addition, the grant funded purchase of an emergency resilience trailer has not yet occurred (\$88k).
4	Computers and telecommunications	Some items were ordered and not received in 2021/2022, due to delays in supply chains, and these funds (\$118k) were carried forward to 2022/2023 to pay suppliers once the goods were received.
5	Intangibles	A software specification is required to be developed and an Expression of Interest advertised before Council can approach software providers for the development of the TIMBI data modelling tool (\$484k).
6	Roads	Many projects account for this variance, however the two largest variances are for the Maldon Streetscape project and the reseal of Fogarty's Gap Road. The Maldon Streetscape project had an adopted budget of \$37k plus a carry forward budget of \$720k, and \$970k in expenditure. The variance for this project is calculated against the adopted budget. The reseal of Fogarty's Gap Road has been placed on hold due to additional third party permits and environmental remediation works required (\$572k). Works are expected to recommence in late-2023. Design of the Frederick Street project was underspent by \$375k. Streetscape projects in Guildford, Chewton and Newstead also had no adopted budget but did have carry forward budgets (\$321k). In addition to the adopted budget, the gravel road resheeting program had a carry forward budget of \$84k which was also spent.
7	Bridges	A Cultural Heritage Management Plan is required to be negotiated and construction plans developed before works can commence on the Vaughan-Tarilta low level crossing over the Loddon River (\$1.12m). Works on Froomes Road Bridge have not proceeded due to unsuitable tender submissions (\$181k).
8	Footpaths and cycleways	While a budget was not adopted for the CSISP Campbells Creek Trail, a carry forward budget of \$926k was allocated, and \$152k of this was spent by year end.

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

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Community

- Services in our community are accessible and coordinated
- Our community is inclusive and connected
- Our community feels safe, regardless of identity or circumstance
- Our community is physically and mentally healthy

Population | Health | Wellbeing | Support | Resilience | Partnerships | Social services | Connections | Venues | Events | Safety Communications

Environment

- We are working locally to address the climate emergency
- We are maintaining, improving and celebrating our places and spaces
- Our community is growing in harmony with nature
- We are focused on the housing affordability challenge in our community
- We are facilitating managed growth of our towns while protecting natural assets

Buildings | Sport and recreation facilities | Roads | Bridges | Footpaths | Drainage | Trails | Playgrounds | Gardens | Natural environment | Waste | Recycling | Heritage | Climate

Economy

- Our local economy is diverse and resilient
- We are supporting continuous learning and personal growth
- We are helping businesses make their work simpler and more sustainable
- We are attracting and building investment in our cultural and creative community

Business | Economy | Jobs | Education | Creativity | Innovation | Tourism | Culture | Heritage | Development | Corporate

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					
Community	4,469	12,378	(7,908)	5,214	744
Environment	16,899	23,552	(6,654)	3,410	416,124
Economy	29,560	7,797	21,765	8,951	37,531
	50,929	43,727	7,202	17,575	454,400
	Income/ revenue	Expenses	Surplus/ (Deficit)	Grants included in income/revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Community	3,962	12,146	(8,184)	5,411	766
Environment	17,064	26,543	(9,479)	2,859	405,890
Economy	27,741	6,929	20,813	9,565	37,129
	48,768	45,618	3,150	17,835	443,785

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

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

3.1 Rates and charges

Council uses capital improved valuation (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its value of land and all its improvements.

The valuation base used to calculate general rates for 2022/23 was \$8.31 billion (2021/22 \$6.53 billion).

	2023	2022
	\$'000	\$'000
General rates	21,677	21,038
Waste management charge	4,773	4,709
Total rates and charges	26,450	25,748

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

Animal control	195	210
Planning permits and fees	423	461
Health registrations	145	143
Local laws	24	38
Parking fines	16	30
Building	112	120
Other fines	25	46
Total statutory fees and fines	940	1,048

Statutory fees and fines (including parking 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

Home and community care	547	569
Employee vehicle contribution	103	86
Facility hire	51	20
Tourism services	101	67
Waste management services	504	469
Infrastructure	198	102
Other fees and charges	81	97
Total user fees	1,585	1,410

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.

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	11,858	11,561
State funded grants	5,716	6,274
Total grants received	17,575	17,835

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

3.4 Funding from other levels of government (continued)

	2023	2022
	\$'000	\$'000
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	7,831	7,398
Home support packages	1,506	1,394
Veterans' Affairs	147	83
Australia Day / Survival Day	29	24
Other	3	4
<i>Recurrent - State Government</i>		
Home and community care	222	220
School crossing supervisors	74	62
Maternal and child health	338	426
Community health	10	20
Environment	59	39
Emergency management	240	146
Youth	96	80
Other	-	3
Total recurrent operating grants	10,554	9,900
<i>Non-recurrent - Commonwealth Government</i>		
Local roads and community infrastructure	-	720
Healthy Heart Victoria Phase 2	-	99
Other	203	66
<i>Non-recurrent - State Government</i>		
Families and children	205	13
Strategic planning	62	200
Placemaking Investigations and Activations	20	-
October 2022 storms	1,792	-
Economic development	-	100
Engineering and road safety	60	75
Building	-	75
Parks and gardens	113	50
COVID-19	-	55
COVID Safe Outdoor Activation	-	150
Youth	42	10
Waste	20	36
Community Recovery Hubs	527	-
Other	118	38
Total non-recurrent operating grants	3,161	1,686
Total operating grants	13,714	11,586

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

3.4 Funding from other levels of government (continued)

	2023	2022
	\$'000	\$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to Recovery	906	1,049
Total recurrent capital grants	906	1,049
<i>Non-recurrent - Commonwealth Government</i>		
Emergency management	1	-
Black Spot Program	607	-
Levees and drainage	113	-
Local roads and community infrastructure program	512	724
<i>Non-recurrent - State Government</i>		
Buildings	43	33
Engineering and road safety	333	1,834
Maldon streetscape rejuvenation	189	1,507
Boorp Boorp Boondyl	236	164
Waste management	265	3
Information technology	16	-
COVID Safe Outdoor Activation	-	150
Parks and gardens	24	315
Recreation facilities and reserves	615	471
Total non-recurrent capital grants	2,954	5,200
Total capital grants	3,860	6,249
(c) Unspent grants received on condition that they be spent in a specific manner		
<i>Operating</i>		
Balance at start of year	4,511	2,780
Received during the financial year and remained unspent at balance date	6,315	4,511
Received in prior years and spent during the financial year	(4,511)	(2,780)
Balance at year end	6,315	4,511
<i>Capital</i>		
Balance at start of year	4,420	4,800
Received during the financial year and remained unspent at balance date	5,255	4,420
Received in prior years and spent during the financial year	(4,420)	(4,800)
Balance at year end	5,255	4,420

(d) Recognition of grant income

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

- Identifies each performance obligation relating to revenue under the contract/agreement.
- Determines the transaction price.
- Recognises a contract liability for its obligations under the agreement.
- Recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income for Not-for-Profit Entities*.

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

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

3.4 Funding from other levels of government (continued)

	2023	2022
	\$'000	\$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	13,714	9,925
Specific purpose grants to acquire non-financial assets	3,860	6,249
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	-	1,661
	17,575	17,835

3.5 Contributions

Monetary	1,117	156
Non-monetary	392	1,730
Total contributions	1,508	1,886

Contributions of non-monetary assets were received in relation to the following asset classes.

Land under roads	27	330
Drainage	246	465
Roads	84	746
Pathways	34	190
Total non-monetary contributions	392	1,730

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

Proceeds of sale	219	218
Written down value of assets disposed	(1,619)	(1,235)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,400)	(1,018)

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	1,103	357
Fuel Tax Credits	47	45
Rates and valuation reimbursements	49	48
Debt collection	60	39
Insurance claims	166	20
Rental	197	189
Other	315	115
Total other income	1,938	812

Interest is recognised as it is earned.

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

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

Note 4 THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs	2023	2022
	\$'000	\$'000
Wages and salaries	15,465	14,624
WorkCover	330	612
Superannuation	1,590	1,356
Fringe Benefits Tax	36	37
Other	341	365
Total employee costs	17,761	16,993

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	50	47
	50	47
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	762	745
Employer contributions - Australian Super Pty Ltd	152	127
Employer contributions - VIC Super Pty Ltd	87	93
Employer contributions - other funds	538	344
	1,539	1,309
Employer contributions payable at reporting date.	85	-

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

4.2 Materials and services

Service providers	2,571	3,775
Waste management	2,839	2,827
Parks and gardens	1,417	848
Recreation facilities and reserves	831	1,032
Building services	307	453
Animal control	225	197
October 2022 storm/flood event	1,877	-
Materials	965	801
Utilities	467	566
Office administration	375	386
Information technology	978	592
Insurance	514	426
Plant and fleet	227	416
Other	4	(8)
Total materials and services	13,597	12,310

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

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

Note 4 THE COST OF DELIVERING SERVICES (continued)

	2023	2022
	\$'000	\$'000
4.3 Depreciation		
Property	2,152	2,423
Plant and equipment	815	804
Infrastructure	6,038	5,929
Total depreciation	9,005	9,157

Refer to note 5.2(c), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Intangible assets

Software	177	193
Total Amortisation - Intangible assets	177	193

4.5 Amortisation - Right of use assets

Photocopiers	13	13
Plant and machinery	20	-
Total Amortisation - Right of use assets	33	13

4.6 Bad and doubtful debts - allowance for impairment losses

Rates debtors	5	(7)
Other debtors	55	(1)
Total bad and doubtful debts - allowance for impairment losses	61	(8)

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	44	52
New provisions recognised during the year	76	1
Amounts already provided for and written off as uncollectible	(23)	(9)
Balance at end of year	97	44

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.7 Borrowing costs

Interest - Borrowings	71	98
Total borrowing costs	71	98

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.

4.8 Finance Costs - Leases

Interest - Lease liabilities	7	2
Total finance costs	7	2

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

Note 4 THE COST OF DELIVERING SERVICES (continued)

	2023	2022
	\$'000	\$'000
4.9 Other expenses		
Auditors' remuneration - VAGO	41	42
Auditors' remuneration - internal audit	66	55
Councillors' allowances	263	233
Community grants	433	548
Library contribution	550	541
Other	262	157
Total other expenses	1,615	1,577

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

Note 5 OUR FINANCIAL POSITION

	2023 \$'000	2022 \$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	8,390	6,362
Term deposits	5	5
Total cash and cash equivalents	8,397	6,369
(b) Other financial assets		
Term deposits - current	22,750	24,700
Term deposits - non-current	-	1,250
Total other financial assets	22,750	25,950
Total financial assets	31,147	32,319

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	3,218	2,653
Provision for doubtful debts - rates	(11)	(37)
Prepaid rates	(948)	(511)
Traffic infringement debtors	10	16
Provision for doubtful debts - traffic infringements	-	(1)
Pet infringement debtors	9	5
Net GST receivable	-	-
Total current statutory receivables	2,279	2,126

Non statutory receivables

Home and community care	66	85
State Government	162	156
Other debtors	722	794
Provision for doubtful debts - other debtors	(86)	(6)
Total current non-statutory receivables	863	1,028
Total trade and other receivables	3,142	3,154

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.

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

5.1 Financial assets (continued)

	2023	2022
	\$'000	\$'000
(d) Ageing of receivables		
The ageing of the Council's trade and other receivables that are not impaired was:		
Current (not yet due)	41	118
Past due by up to 30 days	45	181
Past due between 31 and 60 days	896	789
Past due between 61 and 90 days	106	90
Past due by more than 90 days	2,053	1,975
Total trade and other receivables	3,142	3,154

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$83,810 (2022: \$0) were impaired. The amount of the provision raised against these debtors was \$83,810 (2022: \$0). They individually have been impaired as a result of their doubtful collection.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	2	-
Past due by up to 30 days	2	-
Past due between 31 and 180 days	9	-
Past due between 181 and 365 days	9	-
Past due by more than 1 year	62	-
Total trade and other receivables	84	-

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

5.2 Non-financial assets	2023	2022
(a) Inventories	\$'000	\$'000
Inventories held for use	71	52
Inventories held for sale	24	20
Total inventories	95	72

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, 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	251	149
Accrued income	1,364	166
Total other assets	1,615	315

(c) Intangible assets

Software	751	898
Total intangible assets	751	898

Gross carrying amount

Balance at 1 July 2022	1,933
Additions	30
Disposals	(277)
Balance at 30 June 2023	1,686

Accumulated amortisation and impairment

Balance at 1 July 2022	1,035
Amortisation expense	177
Disposals	(277)
Balance at 30 June 2023	935

Net book value at 30 June 2022	898
Net book value at 30 June 2023	751

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

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

(a) Trade and other payables

Trade payables	1,034	623
Accrued loan interest	2	2
Accrued expenses	1,449	1,929
Total trade and other payables	2,485	2,554

(b) Trust funds and deposits

Current:

Refundable deposits	31	47
Fire Services Property Levy	242	304
Retention amounts	786	251
Heritage fund	34	34
Central Victorian Primary Care Partnership	-	277
Other refundable deposits	4	10
Total current trust funds and deposits	1,097	922

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

5.3 Payables, trust funds and deposits and unearned income/revenue (continued)

	2023	2022
	\$'000	\$'000
(c) Unearned income/revenue		
Current:		
Grants received in advance - operating	-	29
Grants received in advance - capital	5,255	4,420
Total current unearned income/revenue	5,255	4,449

Unearned income/revenue represents contract liabilities and reflects consideration received in advance from other levels of government in relation to grant funded projects. 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 recognised as revenue at the time of forfeit.

Purpose and nature of items

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

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

5.4 Interest-bearing liabilities

Current		
Borrowings - secured	126	203
	126	203
Non-current		
Borrowings - secured	1,607	1,733
	1,607	1,733
Total	1,733	1,936

Borrowings are secured by a mortgage over the general rates and charges of Council.

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

Not later than one year	126	203
Later than one year and not later than five years	1,607	1,733
	1,733	1,936

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

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

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

5.5 Provisions

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
2023			
Balance at beginning of the financial year	3,438	9,544	12,982
Additional provisions	1,666	-	1,666
Amounts used	(1,362)	(7,660)	(9,022)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(31)	(75)	(106)
Balance at the end of the financial year	3,711	1,810	5,521
<i>Provisions - current</i>	3,349	243	3,591
<i>Provisions - non-current</i>	362	1,567	1,930
<i>Total</i>	3,711	1,810	5,521
2022			
Balance at beginning of the financial year	3,242	5,388	8,630
Additional provisions	1,492	4,033	5,525
Amounts used	(1,254)	(109)	(1,363)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(42)	232	190
Balance at the end of the financial year	3,438	9,544	12,982
<i>Provisions - current</i>	2,906	7,542	10,448
<i>Provisions - non-current</i>	532	2,002	2,534
<i>Total</i>	3,438	9,544	12,982
Summary of provisions	2023	2022	
Current provisions	\$'000	\$'000	
Annual leave	1,312	1,272	
Long service leave	1,877	1,501	
Rostered days off	160	133	
Landfill restoration	243	7,542	
Total current provisions	3,591	10,447	
Non-current provisions			
Long service leave	362	532	
Landfill restoration	1,567	2,002	
Total non-current provisions	1,930	2,534	
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual leave	1,040	945	
Long service leave	124	99	
Rostered days off	160	133	
	1,324	1,176	
Current provisions expected to be wholly settled after 12 months			
Annual leave	272	327	
Long service leave	1,753	1,402	
	2,025	1,729	
Total current employee provisions	3,349	2,906	
Non-current			
Long service leave	362	532	
Total non-current employee provisions	362	532	
Aggregate carrying amount of employee provisions:			
Current	3,349	2,906	
Non-current	362	532	
Total aggregate carrying amount of employee provisions	3,711	3,438	

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

5.5 Provisions (continued)

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:	2023	2022
- discount rate	3.63%	3.38%
- index rate	4.35%	3.85%

(b) Landfill restoration	\$'000	\$'000
Current	243	7,542
Non-current	1,567	2,002
	1,810	9,544

Council is obligated to restore the Castlemaine site to a particular standard. Since April 2020 the landfill has operated as a transfer station with all general waste carted offsite. Reinstatement works were completed during the 2022/23 year and the provision for landfill restoration has been calculated based on the present value of the expected cost for future site inspections and audits etc.

Key assumptions:		
- discount rate	3.8%	2.38%
- index rate	5.2%	4.90%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

Bank overdraft	500	500
Credit card facilities	300	300
Borrowings	1,733	1,936
Total facilities	2,533	2,736
Used facilities	1,784	1,976
Unused facilities	749	760

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

5.7 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	Total
2023				
Operating	\$'000	\$'000	\$'000	\$'000
Aged and disability services	113	9	-	122
Consultancy and professional services	330	104	311	744
IT and software licences	496	470	1,423	2,390
Waste management	3,656	914	-	4,570
Recreation services	603	627	-	1,230
Regulatory compliance	233	-	-	233
Tree management	313	-	-	313
Utility supply	187	187	518	892
Total	5,931	2,311	2,252	10,494
Capital				
Bridges	77	-	-	77
Buildings	131	-	-	131
Drainage	163	-	-	163
Pathways	409	-	-	409
Plant and equipment	793	-	-	793
Recreation	595	-	-	595
Roads	557	-	-	557
Waste management	304	-	-	304
Other	456	-	-	456
Total	3,483	-	-	3,483
2022				
Operating	\$'000	\$'000	\$'000	\$'000
Aged and disability services	112	113	9	234
Consultancy and professional services	574	82	203	859
IT and software licenses	281	279	756	1,316
Waste management	3,025	590	-	3,615
Recreation services	502	-	-	502
Regulatory compliance	218	-	-	218
Tree management	627	313	-	940
Uniform	27	-	-	27
Utility supply	185	185	533	904
Total	5,551	1,563	1,501	8,616
Capital				
Bridges	83	-	-	83
Drainage	195	-	-	195
Pathways	182	-	-	182
Plant and equipment	227	-	-	227
Recreation	276	-	-	276
Roads	952	-	-	952
Other	556	-	-	556
Total	2,471	-	-	2,471

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

5.7 Commitments (continued)

(b) Operating lease receivables

Council has entered into commercial property leases on its investment properties. These properties, held under operating leases, have remaining non-cancellable lease terms of between 1 and 20 years. Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	2023	2022
	\$'000	\$'000
Not later than one year	201	150
Later than one year and not later than five years	757	749
Later than five years	1,396	1,551
	2,354	2,450

5.8 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- Any lease payments made at or before the commencement date less any lease incentives received; plus
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under AASB 16 Leases, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

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

5.8 Leases (continued)

<i>Right-of-Use Assets</i>	Photocopiers	Plant	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2022	50	-	50
Additions	-	503	503
Amortisation charge	(13)	(20)	(33)
Balance at 30 June 2023	36	483	520

<i>Lease Liabilities</i>	2023	2022
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	135	14
One to five years	445	39
Total undiscounted lease liabilities as at 30 June:	580	53

Lease liabilities included in the Balance Sheet at 30 June:		
Current	107	13
Non-current	418	38
Total lease liabilities	525	51

**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	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and land improvements	42,899	-	-	-	(250)	(344)	-	334	42,640
Buildings	48,505	-	-	3,339	(1,901)	(15)	-	(5,920)	44,008
Plant and equipment	3,294	-	-	-	(815)	(3)	-	1,277	3,753
Infrastructure	297,832	-	364	6,352	(6,038)	(1,258)	-	12,477	309,729
Work in progress	13,787	11,022	-	-	-	-	(297)	(8,171)	16,341
Work in progress - Intangibles see note 5.2 (c)	-	-	-	-	-	-	-	30	-
	406,317	11,022	364	9,691	(9,005)	(1,619)	(297)	-	416,470

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Land and land improvements	1,386	356	-	(450)	1,292
Buildings	1,378	2,960	(56)	(1,037)	3,245
Plant and equipment	315	1,876	-	(1,277)	914
Infrastructure	10,200	5,814	(241)	(5,407)	10,365
Intangibles	509	16	-	-	525
Total	13,787	11,022	(297)	(8,171)	16,341

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

6.1 Property, infrastructure, plant and equipment (continued)
(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Buildings - specialised	Buildings - non specialised	Site improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	1,180	38,139	6,927	46,245	59,224	18,629	10,044	87,897	2,764	136,905
Accumulated depreciation at 1 July 2022	-	-	(3,345)	(3,345)	(26,675)	(9,409)	(3,308)	(39,392)	-	(42,738)
	1,180	38,139	3,581	42,899	32,549	9,220	6,735	48,505	2,764	94,168
Movements in fair value										
Additions	27	-	307	334	260	80	1,222	1,562	3,316	5,212
Contributions	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	4,879	1,533	-	6,412	-	6,412
Disposal	-	(343)	(1)	(344)	(45)	(54)	(40)	(139)	-	(482)
Write-off	-	-	-	-	-	-	-	-	(56)	(56)
Transfers	-	-	-	-	-	-	(11,225)	(11,225)	(1,487)	(12,712)
	27	(343)	306	(9)	5,094	1,559	(10,044)	(3,391)	1,773	(1,627)
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	(250)	(250)	(1,083)	(342)	(476)	(1,901)	-	(2,152)
Accumulated depreciation of disposals	-	-	-	-	37	47	40	124	-	124
Revaluation	-	-	-	-	(2,276)	(797)	-	(3,073)	-	(3,073)
Transfers	-	-	-	-	-	-	3,744	3,744	-	3,744
	-	-	(250)	(250)	(3,322)	(1,093)	3,308	(1,106)	-	(1,357)
At fair value 30 June 2023	1,207	37,795	7,233	46,235	64,318	20,188	(0)	84,506	4,537	135,278
Accumulated depreciation at 30 June 2023	-	-	(3,596)	(3,596)	(29,997)	(10,501)	0	(40,499)	-	(44,094)
Carrying amount	1,207	37,795	3,637	42,640	34,321	9,687	(0)	44,008	4,537	91,184

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

6.1 Property, infrastructure, plant and equipment (continued)

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Work in Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	6,885	1,697	314	8,896
Accumulated depreciation at 1 July 2022	(3,852)	(1,435)	-	(5,287)
	3,032	262	314	3,609
Movements in fair value				
Additions	907	370	1,876	3,153
Disposal	(456)	-	-	(456)
Transfers	-	-	(1,277)	(1,277)
	450	370	599	1,420
Movements in accumulated depreciation				
Depreciation and amortisation	(649)	(166)	-	(815)
Accumulated depreciation of disposals	454	-	-	454
	(196)	(166)	-	(362)
At fair value 30 June 2023	7,335	2,067	914	10,316
Accumulated depreciation at 30 June 2023	(4,048)	(1,601)	-	(5,649)
Carrying amount	3,287	466	914	4,667

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

6.1 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Kerb	Recreational, leisure and community facilities	Waste Management	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
At fair value 1 July 2022	226,272	71,066	10,144	55,570	9,168	-	5,747	10,200	388,167
Accumulated depreciation at 1 July 2022	(38,270)	(15,736)	(2,897)	(13,513)	(4,041)	-	(5,677)	-	(80,135)
	188,002	55,330	7,247	42,057	5,127	-	69	10,200	308,031
Movements in fair value									
Additions	2,572	738	762	207	716	-	-	5,814	10,809
Contributions	94	-	11	174	-	-	-	-	279
Found	-	-	34	147	-	-	-	-	181
Revaluation	22,953	(14,135)	748	7,241	645	-	-	-	17,453
Disposal	(1,899)	(219)	(87)	(10)	-	-	-	-	(2,214)
Write-off	-	-	-	-	-	-	-	(241)	(241)
Transfers	-	-	-	-	-	11,225	-	(5,407)	5,818
	23,721	(13,616)	1,468	7,760	1,361	11,225	-	165	32,085
Movements in accumulated depreciation									
Depreciation and amortisation	(4,290)	(658)	(344)	(519)	(193)		(34)	-	(6,038)
Accumulated depreciation of contributions	(10)	-	(11)	(2)	-		-	-	(22)
Accumulated depreciation of found assets	-	-		(74)	-		-	-	(74)
Accumulated depreciation of disposals	858	72	25	1	-		-	-	957
Revaluation	(4,216)	1,139	(222)	(7,525)	(277)		-	-	(11,100)
Transfers	-	-	-	-	-	(3,744)	-	-	(3,744)
	(7,657)	554	(551)	(8,118)	(470)	(3,744)	(34)	-	(20,021)
At fair value 30 June 2023	249,992	57,451	11,612	63,330	10,530	11,225	5,747	10,365	420,251
Accumulated depreciation at 30 June 2023	(45,927)	(15,183)	(3,448)	(21,632)	(4,511)	(3,744)	(5,712)	-	(100,157)
Carrying amount	204,065	42,268	8,164	41,698	6,018	7,481	35	10,365	320,094

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

6.1 Property, infrastructure, plant and equipment (continued)

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 \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Property		
land improvements	1-10 years	10
Buildings		
buildings	20-100 years	10
building improvements	20-100 years	10
Plant and Equipment		
plant, machinery and equipment	2-10 years	5
fixtures, fittings and furniture	2-10 years	5
computers and telecommunications	2-10 years	5
Infrastructure		
road pavements	80 years	10
road sealed surfaces	15-35 years	10
road unsealed pavement base	20-80 years	10
road formation and pavement sub base	200 years	10
road kerb, channel and minor culverts	25-100 years	10
bridges deck / rail	80 years	10
bridges substructure / super structure	50-120 years	10
footpaths and cycleways	30-80 years	10
drainage pits	80 years	10
drainage pipes	10-145 years	10
Intangible assets		
software	5-10 years	25

Land under roads

Council recognises land under roads it controls at discounted fair value.

Depreciation and amortisation

Buildings, land improvements, 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, 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.

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

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by Ashay Prabhu, Director of Assetic Pty Ltd (NPER member 1102199). 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.

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

6.1 Property, infrastructure, plant and equipment (continued)

Valuation of land and buildings cont.

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

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land	-	11,737	26,058	30/06/2022	Index
Specialised land	-	-	1,207	30/06/2022	Index
Land improvements	-	-	3,637	30/06/2017	Full
Buildings - specialised	-	-	34,321	30/06/2023	Index
Buildings - non specialised	-	9,687	-	30/06/2023	Index
Total	-	21,424	65,223		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with both an internal valuation undertaken by a Council officer and an independent valuation by Ashay Prabhu, Director of Assetic Pty Ltd (NPER member 1102199) .

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

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	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	204,065	30/06/2023	Index
Bridges	-	-	42,268	30/06/2023	Full
Footpaths and cycleways	-	-	8,164	30/06/2023	Index
Drainage	-	-	41,698	30/06/2023	Full
Kerb and channel	-	-	6,018	30/06/2023	Index
Recreational, leisure and community facilities	-	-	7,481	30/06/2017	Full
Waste management	-	-	35	30/06/2019	Full
Total	-	-	309,729		

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

6.1 Property, infrastructure, plant and equipment (continued)

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 of 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$1,100 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$12 to \$3,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 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 2 years to 146 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	1,207	1,180
Total specialised land	1,207	1,180

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

	2023 \$'000	2022 \$'000
6.2 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
- Goldfields Regional Library Corporation	660	659
<i>Goldfields Regional Library Corporation</i>		
<i>Council is a member of the Goldfields Regional Library Corporation which provides library services to the municipalities of City of Greater Bendigo, Macedon Ranges, Loddon and Mount Alexander Shires. Council's share of the net assets of the Corporation as at 30 June 2023 was 10.73% (2022, 10.77%).</i>		
Fair value of Council's investment in Goldfields Regional Library Corporation	660	659
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	295	264
Reported surplus/(deficit) for year	3	32
Transfers (to) from reserves	0	(1)
Council's share of accumulated surplus/(deficit) at end of year	298	295
Council's share of reserves		
Council's share of reserves at start of year	122	121
Transfers (to) from reserves	(0)	1
Council's share of reserves at end of year	122	122
Movement in carrying value of specific investment		
Carrying value of investment at start of year	659	630
Share of surplus/(deficit) for year	3	32
Share of asset revaluation	(2)	(3)
Carrying value of investment at end of year	660	659
Council's share of expenditure commitments		
Operating commitments	26	9
Capital commitments	-	-
Council's share of expenditure commitments	26	9

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Community Asset Committees

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as Community Asset Committees, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

There are currently 20 Community Asset Committees for the following facilities:

Barfold Hall	John Powell Reserve
Baringhup Community Association	Maldon Community Centre
Bill Woodfull Recreation Reserve	Metcalfe Hall
Camp Reserve	Muckleford Community Centre
Campbells Creek Community Centre	Newstead Community Centre
Campbells Creek Recreation Reserve	Sutton Grange Hall
Castlemaine War Memorial Stadium	Taradale Hall
Elphinstone Community Facilities	Taradale Recreation Reserve
Guildford Hall	Wattle Flat Reserve
Guildford Recreation Reserve	Wesley Hill Facility

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

		2023	2022
		No.	No.
Note 7 PEOPLE AND RELATIONSHIPS			
7.1 Council and key management remuneration			
(a) Related Parties			
Mount Alexander Shire Council is the parent entity.			
(b) Key Management Personnel			
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Mount Alexander Shire Council. The Councillors, Chief Executive Officer and Directors are deemed KMP.			
Details of KMP at any time during the year are:			
Councillors	Councillor Rosie Annear (elected 04/11/2020 until current, Mayor 16/11/22 to current)	1	1
	Councillor Matthew Driscoll (elected 04/11/2020 until current, Deputy Mayor 16/11/22 to current)	1	1
	Councillor William Maltby (elected 04/11/2020 until current, Mayor 16/11/21 to 15/11/22)	1	1
	Councillor Anthony Cordy (elected 20/05/2014 until current)	1	1
	Councillor Christine Henderson (elected 01/12/2008 until current)	1	1
	Councillor Stephen Gardner (elected 26/02/2018 until current)	1	1
	Councillor Gary McClure (elected 04/11/2020 until current)	1	1
Total Number of Councillors		7	7
Officers	Darren Fuzzard (Chief Executive Officer)	1	1
	Lisa Knight (Director Corporate and Community Services)	1	1
	Michael Annear (Director Infrastructure and Development)	1	1
	Cath Olive (Acting Director Infrastructure and Development, 01/07/21 to 03/10/21)	-	1
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	2022
		\$'000	\$'000
Total remuneration of key management personnel was as follows:			
	Short-term benefits	941	909
	Long-term benefits	16	16
	Post employment benefits	85	78
	Termination benefits	-	10
Total		1,042	1,013

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

7.1 Council and key management remuneration (continued)

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	4	4
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	-
\$100,000 - \$109,999	-	1
\$150,000 - \$159,999	-	1
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	-
\$290,000 - \$299,999	-	1
\$310,000 - \$319,999	1	-
	<u>10</u>	<u>11</u>

(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. *

	2023 \$'000	2022 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	287	150
Other long-term employee benefits	7	3
Post-employment benefits	30	15
Total	<u>323</u>	<u>167</u>

The number of Senior Officers are shown below in their relevant income bands:

	2023 No.	2022 No.
Income Range:		
\$160,000 - \$169,999	2	1
	<u>2</u>	<u>1</u>
	2023	2022
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	323	167

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the Local Government Act 1989.

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into transactions with 7 related parties. This is detailed below:

Expenditure

Purchase of goods and services under normal trading terms:

- Rotary Club Castlemaine	4	3
- Maldon Inc	3	-
- W R Law Pty Ltd	175	57
- Maine Civil Pty Ltd	233	60
<i>Contributions:</i>		
- Castlemaine Art Museum	35	35
- Castlemaine State Festival	34	36
- North Central Goldfields Regional Library Corporation	605	612
	<u>1,088</u>	<u>804</u>

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

7.2 Related party disclosure (continued)

(b) Outstanding balances with related parties

There are no outstanding balances with related parties.

(c) Loans to/from related parties

There are no loans to or from related parties.

(d) Commitments to/from related parties

There are no commitments to or from related parties.

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

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

Maldon Caravan Park

Ongoing negotiations are occurring with the lessee of the park, with the possibility of Council resuming control of the asset.

(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.

The following are potential contingencies to be considered by Council:

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.

Castlemaine Rifle Range

The EPA is satisfied with the containment and stabilisation of the premises but there may be a continuing environmental risk if the cap encapsulating the waste is not monitored and maintained. A potential liability exists if there is a default on the requirements of an Improvement Notice imposed by the EPA. The fine for failing to comply with the requirements of the Improvement Notice would be \$463,250.

Tarilta gravel pit

A rehabilitation bond has been issued for the restoration of the Tarilta gravel pit. The bank guarantee is for \$23,500 to the Minister of Agriculture and Resources. A further addition to this rehabilitation bond of \$124,500 is required and is currently being organised.

Aged and disability services

Council has a number of funding arrangements with both the State and Federal Government to deliver aged and disability services. Repayment of funding may be required if service targets are not met. Council does not estimate that any funding may be requested for payment as a result of service targets not met during 2022/2023. In addition, Council is currently investigating its role in the future provision of such services, with a decision expected to be made by late-2023. If Council does decide to exit the market and no longer provide aged care services, there will be associated costs of that decision, such as staff redundancies.

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

8.1 Contingent assets and liabilities (continued)

Depot

A potential liability exists for costs associated with remediating the Castlemaine Depot site. The depot is still currently in use, with no confirmed plans for moving. As an interim measure, a surface seal was laid, with appropriate drainage, to cap loose soil and hold contaminants in place to reduce the risk of water run off or dust blowing off site. Progressive rehabilitation of the site has commenced with some areas being formerly capped with concrete. However, due to limited resources available, there is still a significant amount of remedial works required. Outstanding costs to complete this work is estimated at \$250k.

Former Wesleyan Church Chewton

The need for rehabilitation of the Former Wesleyan Church in Chewton has been identified and while works have commenced they will be staged over a number of financial years. Future financial liability of this rehabilitation has not been estimated as at balance date.

Maldon Caravan Park

Ongoing negotiations are occurring with the lessee of the park, with the possibility of Council resuming control of the asset. The cost of this decision, should it occur, is not known.

October 2022 flood

Council continues to undertake works to restore flood damaged assets arising from storms in October 2022. Estimates of the potential cost are approximately \$7.5m. While most of these costs should be covered by the Federal Government's Disaster Recovery Funding Arrangements, as well as insurance claims, not all of the costs will be eligible for reimbursement.

(c) Guarantees for loans to other entities

Council has not guaranteed any loans to other entities.

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.

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

8.3 Financial instruments (continued)

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's cash deposits are lodged at floating rates while cash investments are lodged at fixed rates for their term (all terms are 12 months or less).

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.
- 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 were significant during the year, compared to amounts budgeted, resulting in unbudgeted cash investment income of \$703k.

(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. 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 our contingent liabilities are disclosed in Note 8.1(b).

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

8.3 Financial instruments (continued)

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 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 the amounts related to financial guarantees disclosed in Note 8.1(c), 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 +1% and -1% in market interest rates (AUD) from year-end rates of 5.45%.

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.

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

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.

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 land, buildings, and infrastructure assets once every five 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.

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

8.4 Fair value measurement continued

Asset class	Revaluation frequency
Land	5 years
Buildings	5 years
Roads	5 years
Bridges	5 years
Footpaths and cycleways	5 years
Drainage	5 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. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

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

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

Note 9 OTHER MATTERS

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2023			
Property			
Land and land improvements	29,375	-	29,375
Buildings	32,322	3,339	35,661
	61,697	3,339	65,036
Infrastructure			
Roads	125,372	18,737	144,109
Bridges	37,560	(12,995)	24,565
Drainage	59,704	(284)	59,420
Footpaths and cycleways	3,019	526	3,545
Kerb and channel	2,716	369	3,085
	228,372	6,352	234,723
Total asset revaluation reserves	290,069	9,691	299,760
2022			
Property			
Land and land improvements	23,019	6,356	29,375
Buildings	18,761	13,561	32,322
	41,780	19,917	61,697
Infrastructure			
Roads	125,372	-	125,372
Bridges	37,560	-	37,560
Drainage	55,436	4,268	59,704
Footpaths and cycleways	2,941	78	3,019
Kerb and channel	2,365	351	2,716
	223,675	4,697	228,372
Total asset revaluation reserves	265,455	24,614	290,069

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

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

9.1 Reserves	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2023				
Diamond Gully contribution reserve*	396	(372)	416	440
General development contribution reserve*	-	-	83	83
Campbells Creek South Development Contribution Reserve*	-	-	83	83
McKenzie Hill Reserve*	-	-	145	145
Energy/water saving reserve	124	-	143	267
Gravel pit rehabilitation reserve	39	-	-	39
Parkland/open space reserve*	1,089	(783)	416	722
Swimming pool reserve	3,061	-	-	3,061
Uncompleted works reserve	8,255	(8,255)	9,875	9,875
Unspent grants reserve	4,482	(4,482)	6,315	6,315
Waste reserve	10,158	(6,759)	1,520	4,919
Developer tree planting and maintenance reserve	35	(17)	23	40
Total Other reserves	27,639	(20,668)	19,018	25,989
2022				
Diamond Gully contribution reserve*	384	-	12	396
Energy/water saving reserve	76	39	9	124
Gravel pit rehabilitation reserve	39	-	-	39
Parkland/open space reserve*	978	-	111	1,089
Swimming pool reserve	3,061	-	-	3,061
Uncompleted works reserve	9,025	(9,025)	8,255	8,255
Unspent grants reserve	2,764	(2,764)	4,482	4,482
Waste reserve	8,678	(220)	1,700	10,158
Developer tree planting and maintenance	27	-	8	35
Total Other reserves	25,032	(11,970)	14,577	27,640

* Notes a statutory reserve held for restricted use.

Energy/water saving reserve

Funds set aside for the undertaking of works on Council property which reduces future energy or water usage.

Gravel pit rehabilitation reserve

Funds set aside for the future rehabilitation works at Council's gravel pit.

Uncompleted works reserve

Funds set aside at year-end to allow projects to be carried forward.

Unspent grants reserve

Grant fund provided to Council with conditions on how they are spent that remain unspent at end of year.

Developer tree planting and maintenance reserve

Funds set aside for the required tree planting and maintenance in future developments.

McKenzie Hill Reserve

Funds McKenzie Hill infrastructure works through contributions from owners who subdivide or develop their land.

Diamond Gully DCP reserve

Funds Diamond Gully infrastructure works through contributions from owners who subdivide or develop their land.

Parkland/open spaces reserve

Funds to provide for future recreational infrastructure within the Shire.

Swimming pool reserve

Funds set aside for future capital works on swimming pools.

Waste reserve

Funds set aside to provide for the capital improvements and rehabilitation at the Castlemaine landfill.

Campbells Creek South Development Contribution Reserve

Funds Campbells Creek South infrastructure works through contributions from owners who subdivide or develop their land.

General development contribution reserve

Funds general infrastructure works through contributions from owners who subdivide or develop their land.

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

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2023	2022
	\$'000	\$'000
Surplus/(deficit) for the year	7,202	3,150
Depreciation	9,005	9,157
Amortisation	210	207
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,400	1,018
Contributions - non-monetary assets	(392)	(1,730)
Found assets	-	-
Borrowing costs	71	98
Finance costs	7	2
Share of net (profit)/losses of associates	(0)	(29)
Prior year WIP expensed	297	24
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	13	63
Increase/(decrease) in trade and other payables	(69)	(736)
Increase/(decrease) in trust funds	175	(233)
(Increase)/decrease in other assets	(1,299)	224
(Increase)/decrease in inventories	(23)	(10)
Increase/(decrease) in unearned income	806	(367)
Increase/(decrease) in provisions	(7,456)	4,352
Net cash provided by/(used in) operating activities	9,947	15,190

9.3 Superannuation

Council makes all 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.

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

9.3 Superannuation (continued)

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% p.a.
Price inflation (CPI) 2.8% p.a.

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.

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

9.3 Superannuation continued

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

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

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

The 2022 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022.

The discounted accrued benefits surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2022.

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision Super	Defined benefit	10.5% (2022:10.0%)	50	47
Vision Super	Accumulation fund	10.5% (2022:10.0%)	762	745
Vision Super clearing house	Accumulation fund	10.5%	777	564

Council had no unfunded liability payments to Vision Super during 2022/2023 (2021/22 \$0).

There were \$85,023 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 \$52,588.

**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 2022/2023 year.

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