




Hon Natalie Hutchins MP

Minister for Local Government  
Minister for Aboriginal Affairs  
Minister for Industrial Relations

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Cr Paul Hooper  
Mayor  
Ararat Rural City Council  
PO Box 246  
Ararat Vic 3377

Ref: MBR034057  


Dear Cr Hooper

### COMMISSION OF INQUIRY INTO ARARAT RURAL CITY COUNCIL

As you are aware, the Commission of Inquiry into Ararat Rural City Council (Commission) provided me with its report on 1 August 2017 and this report has now been tabled in Parliament and published as a Parliamentary Paper.

The report contains numerous findings and recommendations by the Commission for further action in relation to the Council's:

- Role and capacity of Councillors,
- Appointment of an interim Chief Executive Officer,
- Rating strategy,
- Financial stability,
- Community engagement,
- Electoral structure, and
- Audit Committee.

The findings of the Commission are serious, persuasive and deeply troubling. I am particularly concerned by apparent failures to comply with the requirements of the *Local Government Act 1989* (Act), the Councillor Code of Conduct and good governance practice.

The Council must take immediate and conclusive steps to ensure that the failures highlighted by the Commission do not result in a serious failure to provide good government.

I am therefore exercising my power under section 218 of the Act to report to you as Mayor of the Council and to make recommendations for further action by the Council. Please find enclosed my recommendations based on those made by the Commission, which I expect you to provide to the Council along with this correspondence, for its consideration.

Pursuant to section 218(2) of the Act, I request that you notify me within **28 days** of any steps taken or proposed by the Council to give effect to my recommendations.

Unless I am satisfied with the steps the Council has taken or proposes to take, I will consider what further exercise of my powers may be warranted. This would include consideration of my powers under sections 218 and 219 of the Act.

I have also referred the Commission's finding that the Council's Chief Executive Officer (CEO) was paid a sum in excess of what was legally necessary to the Chief Municipal Inspector to determine whether any breaches of the Act occurred in relation to this matter.

I note that the Commission also recommended that I appoint a municipal monitor to the Council. I am currently in the process of appointing a municipal monitor and will notify the Council upon that person's appointment.

Yours sincerely



**HON NATALIE HUTCHINS MP**  
**Minister for Local Government**

9.8.17

**Recommendations to Mayor for Action by the Ararat Rural City Council  
Section 218 of the *Local Government Act 1989***

I, Natalie Hutchins, Minister for Local Government, having received the report of the Commission of Inquiry into Ararat Rural City Council, pursuant to sections 218(1)(b), 218(1)(c) and 218(1)(f) of the *Local Government Act 1989*, consider that the Council should and may take actions to rectify, mitigate or alter the effects of the Council actions and omissions identified in the Commission's report, that Council actions identified in the Commission's report were common practices which should be stopped or changed and that the Council should take steps to address the issues identified by the Commission in its report.

Accordingly, I hereby report to the Mayor of Ararat Rural City Council under section 218 of the *Local Government Act 1989* and recommend that the Council:

1. External Interim Chief Executive Officer

- a. Appoint an external interim Chief Executive Officer to the Council for a fixed period of 12 months to undertake an organisational restructure of responsibilities and reporting lines, with a capacity to extend the term.
- b. Ensure the interim Chief Executive Officer works with any municipal monitor to the Council to achieve contemporary good governance practices within the Council senior staff.

2. Rating Strategy

- a. Retain the Council's 2016 rating strategy as the 2017 rating strategy and reflect this in the Council's 2017/18 budget.
- b. Establish a rating strategy advisory group that:
  - i. Has terms of reference to assist the Council develop its rating strategy by:
    1. Identifying and recommending principles for formulating a rating strategy.
    2. Advising on the residential rate and consideration of differential rates.
    3. Advising on the equitable sharing of the rate revenue and changes to current charges and rebates.
    4. Proposing improvements to communication and engagement on the budget and rating strategy.
    5. Producing a discussion paper with recommendations for Council before public comment.
  - ii. Comprises an independent non-voting Chair with knowledge of local government rating, and representatives of key groups of ratepayers with voting rights.
  - iii. Is assisted by an external rating expert and Council staff in administration and management support.
  - iv. In approaching its tasks has regard to the operation of the Wyndham City Council Rating Strategy Advisory Group; the findings of the *Victorian Auditor-General's Office (VAGO) Rating Practices in Local Government* and the findings of the *VAGO Audit of Public Participation and Community Engagement in Local Government*.
  - v. Gives significant regard to being informed by the outcomes of a Citizens' Jury-type approach involving members of the local community.
- c. Consider the recommendations of the Rating Strategy Advisory Group and public comment on the recommendations before developing a draft rating strategy.
- d. Prepare a rating strategy in accordance with the *Local Government Better Practice Guide* to determine the rating structure that will provide the most equitable imposition of rates and charges. The strategy should be developed after the results of the 1 January 2018 general revaluation of properties is known.

**Recommendations to Mayor for Action by the Ararat Rural City Council  
Section 218 of the *Local Government Act 1989***

- e. Develop an implementation plan, which would transition the current rating structure to any proposed new rating structure, with the aim of providing a reasonable degree of stability in the level of the rates burden.
3. Financial Stability
- a. Undertake a review of its current range and level of service provision to the community with a view to making structural changes that ensure it can fully fund its asset renewal requirements and remain financially viable over the long term.
4. Community Engagement
- a. Review its community engagement policy.
  - b. Include processes for documenting and evaluating community engagement in its community engagement policy.
  - c. Consider the findings of the *VAGO Audit of Public Participation and Community Engagement in Local Government* in reviewing its community engagement policy.
5. Audit Committee
- a. Adopt best practice by:
    - i. restricting access by Councillors who are not Audit Committee members, to only the minutes of Audit Committee meetings, and
    - ii. ensuring Councillors no longer approve recommendations of the Internal Auditor.
6. Code of Conduct
- a. Take steps under its Councillor Code of Conduct to address the Commission's findings in relation to potential breaches of the Code of Conduct.

Dated:



**HON NATALIE HUTCHINS MP  
Minister for Local Government**

9. 8. 17