



ANNUAL REPORT

2018/19



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INTRODUCTION



CHIEF EXECUTIVE OFFICER OVERVIEW

Change: it's inevitable, so they say. Despite the presence of change all around us, organisational change does not come easy. In fact, many organisations fail to make the changes that are necessary for their survival. Local government is not isolated from change and is continually having to respond to a range of influences, pressures and demands. Change is what brought me to the Rural City of Benalla.

October 2002 was a significant point in the history of Benalla as it marked the de-amalgamation of the former Delatite Shire Council and the formation of the Benalla Rural City Council. Former CEO Tony McIlroy oversaw significant change during his fifteen year journey with the community and last year acknowledged those individuals who took the journey with him.

Today the Rural City continues to experience change along with unprecedented growth, it has become a place of interest with its potential being targeted for development. Our prime location with access to major road networks, a rail corridor connecting us to the eastern seaboard and our proximity to a population of five million in Melbourne and our location in north-east Victoria all bode well for the future.

Over the past four years we have seen the value of our building permits increase from \$19.8m to \$56.3m. What is pleasing is that this growth is being underpinned by a diversification in our economy with several large scale projects set to transform our region into a significant manufacturing hub and centre for renewable energy in Victoria. This interest has also seen an increase in activity in the domestic housing market and new housing estates coming online.

Development alone does not automatically translate to community success. Harnessing the development and allowing it to become a catalyst for change brings new opportunity. It often attracts allied services and encourages new business and draws in a varied workforce that seeks different experiences. It diversifies a region's offering allowing more opportunity for our youth to look to a positive future.

The Council acknowledges that with opportunity come challenges but we must not allow ourselves to lose sight of the delivery of our core activities. We must be prepared to challenge ourselves to ensure what we deliver is fit for the times. Over the past twelve months we have continued to deliver a range of services across our community supported by an organisation structure that came into effect on 1 July 2018.

The Local Government Community Satisfaction Survey conducted by Local Government Victoria has reported a significant increase in community satisfaction across the range of measurements. Benalla Rural City Council's overall performance is rated higher than the average rating for councils in the Small Rural Group. This is a tremendous result and vindicates the direction the Council has taken over the past few years.

The year-end financial result to 30 June 2019 is an operating surplus of \$1.537m. Whilst this figure includes \$2.2m in financial assistance grants attributable to the 2019/20 financial year the operating result is in line with the forecast outturn (refer to page 69 for details).

I would like to thank my dedicated staff who continue to work tirelessly for the community; the elected members for their dedication, passion and guidance; and the community for continuing to engage with the Council on the many issues that impact your daily life. Benalla Rural City continues to be a municipality full of potential.

I would also like to thank both the State and Federal governments for their continuing financial support of this community.



Dom Testoni
Chief Executive Officer

THE YEAR AT A GLANCE

2018

JULY

NAIDOC celebrations are held with more than 140 people participating in events at the Sir Edward 'Weary' Dunlop Learning Centre.

The pilot 'Benalla Unpacked' bus tour shows new residents and community members all that Benalla has to offer.

AUGUST

The North East Small Business Festival is held with free and low costs events offered to new and prospective business owners.

The Mayor, Councillors and Council staff attend a Rural Township Forum to coincide with the 50 year anniversary of Lake Nillahcootie.

Parents of young people in Benalla Rural City are offered Youth Mental Health First Aid Training.

The Swanpool Arts Festival 2018 features the inaugural Swanpool Creative Recycled Art Prize (SCRAP).

The Benalla Performing Arts and Convention Centre hosts Melbourne City Ballet presents Madam Butterfly at BPACC.

The Town Hall refurbishment is completed.

SEPTEMBER

The opening of refurbished Boweya Community Centre is celebrated with Councillors, CEO and Council managers in attendance for a Rural Township Forum.

The inaugural Benalla Proud and Deadly Awards Ceremony recognises young Indigenous students.

The collaborative small business project, 'StartUp ShakeUp' launches in Benalla.

OCTOBER

The Seniors Festival 2018 is celebrated with events throughout the month.

Walk to School Month is held in partnership with YMCA.

Children's Week is celebrated with a creative competition.

NOVEMBER

The Benalla Festival is held with more than 50 events over two weeks.

The Rural Outreach Forum explores how to support our rural community during dry conditions.

The Disability & Seniors Expo is held at the Town Hall.

The Tourism and Events Strategy 2018-2022 is launched.

DECEMBER

Tony McIlroy, CEO of the Council for 15 years, is farewelled.

Window to Window Festival decorates the town for Christmas.

A Christmas tree is installed on Lake Benalla.

2019

JANUARY

Dom Testoni is welcomed as the new CEO of Benalla Rural City Council.

Australia Day awards are presented and new citizens welcomed at the Australia Day Ceremony at BPACC.

The 100th learner driver receives their licence through the Benalla L2P Program.

The Happy Sad Man documentary screens at Swanpool Cinema.

Drinking fountains are installed at Adventure Park under the Stronger Communities Program.

FEBRUARY

Community consultation begins for the Youth Strategy 2019-2022.

Applications open for the Community Support Program 2019.

The Age Friendly Benalla Community Forum explores how to promote our Age Friendly community.

The Council hosts the Australian Small Business Advisory Services (ASBAS) Digital Solutions Program.

MARCH

The 2019 Live4Life Program is launched in a celebration organised by the Live4Life Crew.

The 2019 Wall to Wall Festival showcases local, national and international artists.

Clean Up for Turtles event with 27 people picking up litter as part of Clean Up Australia Day.

The Sir Edward 'Weary' Dunlop Learning Centre hosts 100 people for the Turtles Australia presentation.

APRIL

Devenish Silo Art is unveiled on Anzac Day Eve to coincide with the 100-year centenary of the end of the First World War.

Students from Benalla Rural City participate in the 2019 Youth Politics Camp.

ANZAC Day commemorations are held across the Rural City.

A backhoe is purchased to replace a model that had been in Council operation for more than 20 years.

MAY

A new street sweeper is acquired to replace hired equipment.

National Volunteers Week is celebrated to recognise the many volunteers across the Rural City.

The LGBTIQ+ flag is raised to commemorate IDAHOBIT.

Construction of Cell 2 of the Benalla Landfill and Resource Recovery Centre is completed.

The Senior Citizens Centre has a solar system installed under the Local Government Energy Saver Program funding.

A record number of people participate in the Historic Vehicle Tour as part of Historic Winton.

The Council endorses the ICAN Cities appeal calling on the Australian Government to sign and ratify the Treaty on the Prohibition of Nuclear Weapons.

Benalla Sustainable Future Group presents the Swanpool Environmental Film Festival.

Stage 1 of the Winton-Lurg shoulder widening project completed with funding from the State Government's Fixing Country Roads Program.

JUNE

The Council awards 40 grants worth \$75,841 to 38 community groups and event organisers.

Community Connections exhibition is opened at the Sir Edward 'Weary' Dunlop Learning Centre with works by Chris Thorne.

HIGHLIGHTS



SHOULDER WIDENING WINTON-LURG ROAD

The Council completed Stage One of the Winton-Lurg Road shoulder widening and sealing project. The shoulder has been widened by 1.5 metres from Winton-Glenrowan Road for 3.26 kilometres.

FOOTPATH UPGRADES

New footpaths were constructed on Waller Street, Cowan Street and Bridge Street West. These connect to the existing footpath network and improve accessibility for pedestrians, including prams, mobility scooters and wheelchairs. Pedestrian crossings were upgraded on Bridge Street.

BENALLA ART GALLERY DIGITISATION PROJECT

The Benalla Art Gallery re-photographed and documented every object in its renowned permanent collection, using the most current technology available in the art world.

The resulting photographs and information are available to the public on the Gallery website.

IRWIN ROAD BUS TURNING EXTENSION

The Council constructed an extension to Irwin Road including an asphalt turning-circle, new kerbs, drains and traffic signage. The extension is now part of the Public Transport Victoria bus route.

ROADSIDE WEEDS AND PESTS PROGRAM

The Roadside Weed and Pest Plan continued with weed treatment and associated mapping. Approximately 1,600 kilometres, or 65% of our road reserve network, was covered with the most prevalent weeds being sweet briar, Chilean needle grass, blackberry, African love-grass and bridal creeper.



BENALLA LIBRARY

The Sir Edward Weary Dunlop Learning Centre, Benalla Library, continued to be one of the most visited community facilities with close to 90,000 people coming through the doors and more than 4,000 people participating in workshops and programs.



COMPLETION OF CELL 2 AT THE LANDFILL AND RESOURCE RECOVERY CENTRE

The Council completed Cell 2 at the Benalla Landfill and Resource Recovery Centre. Construction included excavating and lining the Cell and receiving EPA certification for its use.

FINANCIAL SUMMARY

FINANCIAL SNAPSHOT	2018/19 '000	2017/18 '000	2016/17 '000	2015/16 '000
Total Revenue	\$32,933	\$30,235	\$32,244	\$27,613
Total Expenses	\$31,396	\$29,852	\$29,714	\$27,402
Surplus (Deficit)	\$1,537	\$383	\$2,530	\$211
Working Capital	215%	164%	157%	120%
Total Assets	\$274,118	\$256,063	\$222,053	\$223,612
Net Assets	\$255,012	\$238,477	\$203,687	\$204,556
Rates and Charges	\$17,702	\$16,819	\$16,261	\$15,559
Rates/Adjusted Underlying Revenue	56%	57%	52%	59%
Indebtedness (Non Current Liabilities / Own sourced revenue)	54%	52%	57%	62%
Capital Projects	\$4,502	\$5,107	\$5,047	\$4,080



ABOUT US



OUR MUNICIPALITY

Benalla Rural City is 193km north-east of Melbourne and is centred in the Broken River valley. The current estimated resident population of Benalla Rural City is 14,024, with approximately 9,000 living in the Benalla urban area and the remainder living in and around our smaller towns.

Benalla Rural City is divided by the Hume Freeway with hills, valleys, grazing land and forests to the south and plains and rolling hills used as cropping and grazing land to the north.

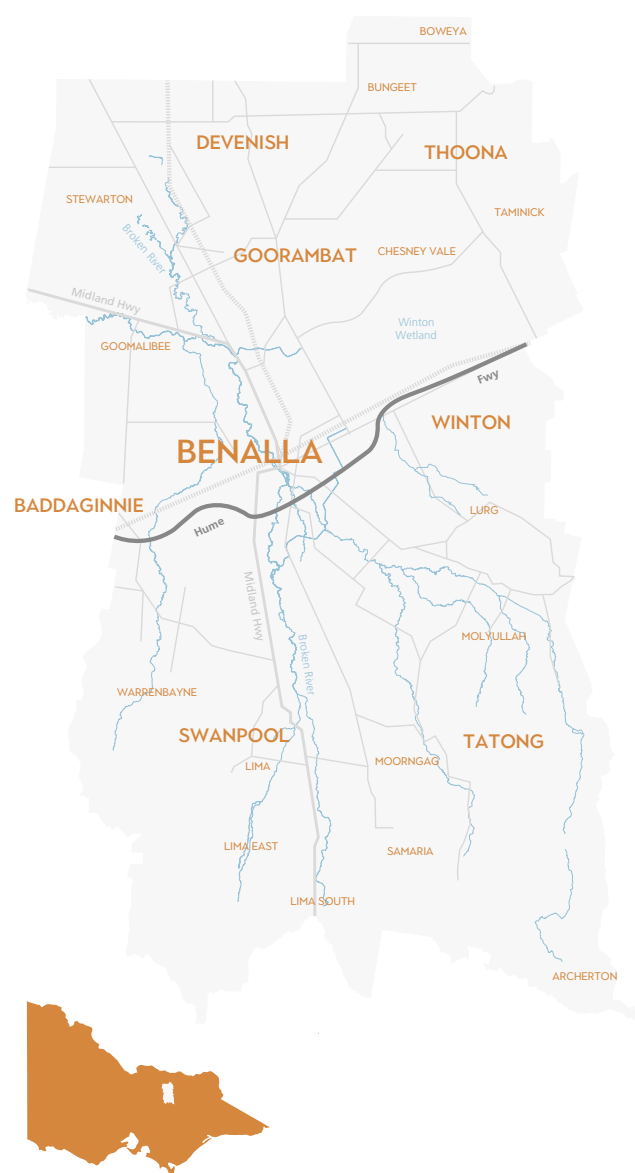
The communities south of the Freeway are Archerton, Baddaginnie, Boho South, Glenrowan West, Lima, Lima South, Lurg, Molyullah, Moorngag, Samaria, Swanpool, Tatong, Upper Lurg, Upper Ryan's Creek, Warrenbayne and Winton. Communities to the north are Boweya, Boxwood, Broken Creek, Bungeet, Chesney Vale, Devenish, Goomalibee, Goorambat, Stewarton, Taminick, Tarnook and Thoona.

Our largest employing industries are health, manufacturing and agriculture. The main health sector employers include Benalla Health, Royal Freemasons Benalla Care Home, Estia Health and Cooida Aged Care. The manufacturing sector includes Thales Australia, D & R Henderson Pty Ltd, Schneider Electric (Australia) Pty Ltd and LS Precast.

Our rural areas are recognised for their good soils and access to irrigation. The major agricultural industries include prime lamb and beef production, dairying and broad acre cropping. Recent agricultural diversification has seen a rise in viticulture and other more intensive forms of horticulture and forestry.

Benalla Rural City offers a choice of primary and secondary schools, a TAFE college, comprehensive health services and participation opportunities including sport, music, wine and art. Benalla Rural City has well developed disability, aged and childcare services.

Some of the main visitor attractions include Winton Motor Raceway, Benalla Art Gallery, Winton Wetlands and the Silo Art Trail.



OUR COUNCIL



Benalla Rural City Council

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VISION

To provide a sustainable, thriving and cohesive community where lifestyle, culture, health and wellbeing are supported by strong leadership and community partnership.

PURPOSE

Through leadership and quality service we will meet our community's needs and aspirations with a focus on thoughtfully planned growth to maintain and enhance the high productivity of our collective community.

VALUES

We will:

- Construct plans and govern the community of Benalla Rural City with unwavering **ACCOUNTABILITY**.
- Strive for **CONTINUOUS IMPROVEMENT**.
- Make judgments based on sound research and participate in decision making that meets the needs of the whole community in solid **EQUITY**.
- Act with transparency, truthfulness and **INTEGRITY**.
- Provide clear, innovative and strong **LEADERSHIP**.
- Serve our community, environment and council with **RESPECT**.



YOUR ELECTED REPRESENTATIVES



Mayor

**CR SCOTT
UPSTON**

First elected: Oct 2016



Deputy Mayor

**CR PETER
DAVIS**

First elected: Nov 2005
Re-elected: Nov 2008, Oct 2012
and Oct 2016



**CR BARBARA
ALEXANDER, AO**

First elected: Nov 2008
Re-elected: Oct 2012 and
Oct 2016



**CR DANNY
CLARIDGE**

First elected: Oct 2016



**CR DON
FIRTH**

First elected: Nov 2008
Re-elected: Oct 2016



**CR BERNIE
HEARN**

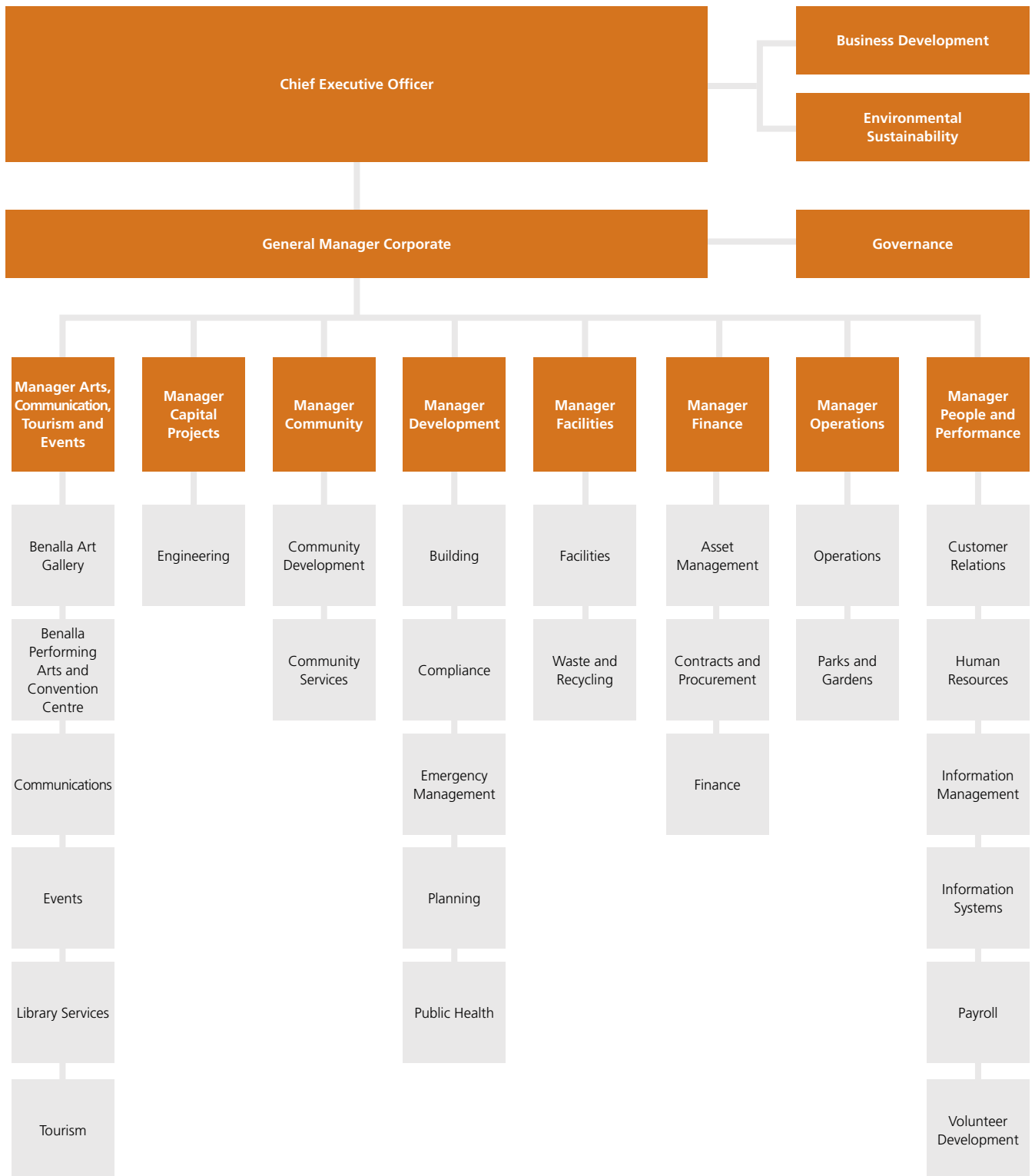
First elected: Oct 2016



**CR WILLIE VAN
WERSCH**

First elected: Oct 2016

OUR ORGANISATION



OUR WORKFORCE

EMPLOYEES

Type by gender	Number	EFT
Full-time female	33	33
Full-time male	46	46
Part-time female	57	33.3
Part-time male	7	1.8
Casual	35	2.6
Total	178	116.7

Type by band	Female EFT	Male EFT	Total EFT
Band 1	0	0	0
Band 2	0	0	0
Band 3	7.1	13.4	20.5
Band 4	17.4	11.7	29.1
Band 5	11.7	2	13.7
Band 6	12.2	8.8	21
Band 7	9.6	2	11.6
Band 8	2	4	6
Band N/A	6.2	6	12.2
Casual	1.4	1.2	2.6
Total EFT	67.8	49.1	116.7

VICTORIAN CHARTER OF HUMAN RIGHTS AND RESPONSIBILITIES

The *Victorian Charter of Human Rights and Responsibilities Act 2006* protects the human rights of all people in Victoria. All public authorities and their employees are obliged to act compatibly with the Charter.

ENTERPRISE AGREEMENT 2018

The Benalla Rural City Council Enterprise Agreement 2018 was approved by the Fair Work Commission on 8 May 2019. The agreement will operate until 7 November 2021. The agreement details the terms and conditions under which staff are employed and remunerated.

HEALTH AND SAFETY

Occupational Health and Safety (OH&S) reports are provided to the Leadership Team on a regular ongoing basis, highlighting incidents and trends. This allows for quick responses to issues emerging, through training, communication etc.

Development of close working relationships with key stakeholders such as team leaders, coordinators and managers allows for support and guidance to be provided to encourage safety in the workplace.

PROFESSIONAL DEVELOPMENT

A Corporate Training Program provides staff with access to development opportunities that meet the needs of the individual and the organisation. Development opportunities for staff include but are not limited to:

- individual learning and development plans
- Study Assistance Program
- workshops and conferences to up-skill, extend knowledge and keep well-informed of changes in their related field
- opportunities to gain experience in alternative roles

FAMILY VIOLENCE

The Council recognises that staff may need to take personal emergency leave for situations such as violence or abuse in their personal life that may affect their attendance or performance at work. Family violence is a serious issue in our society and the Council is committed to playing a supportive role to staff being subjected to this and any other personal emergency. Clause 45 of the Enterprise Agreement which came into effect in May 2016 allows for staff to access Personal Emergency Assistance (Family Violence).

The Council accepts the definition of family violence as stipulated in the *Family Violence Protection Act 2008* (Vic) understanding that it includes physical, sexual, financial, verbal or emotional abuse. Council has also committed to supporting the MAV Prevention of Family Violence Campaign, the Hume Region Courageous Conversations Charter and is a White Ribbon Day Supporter.

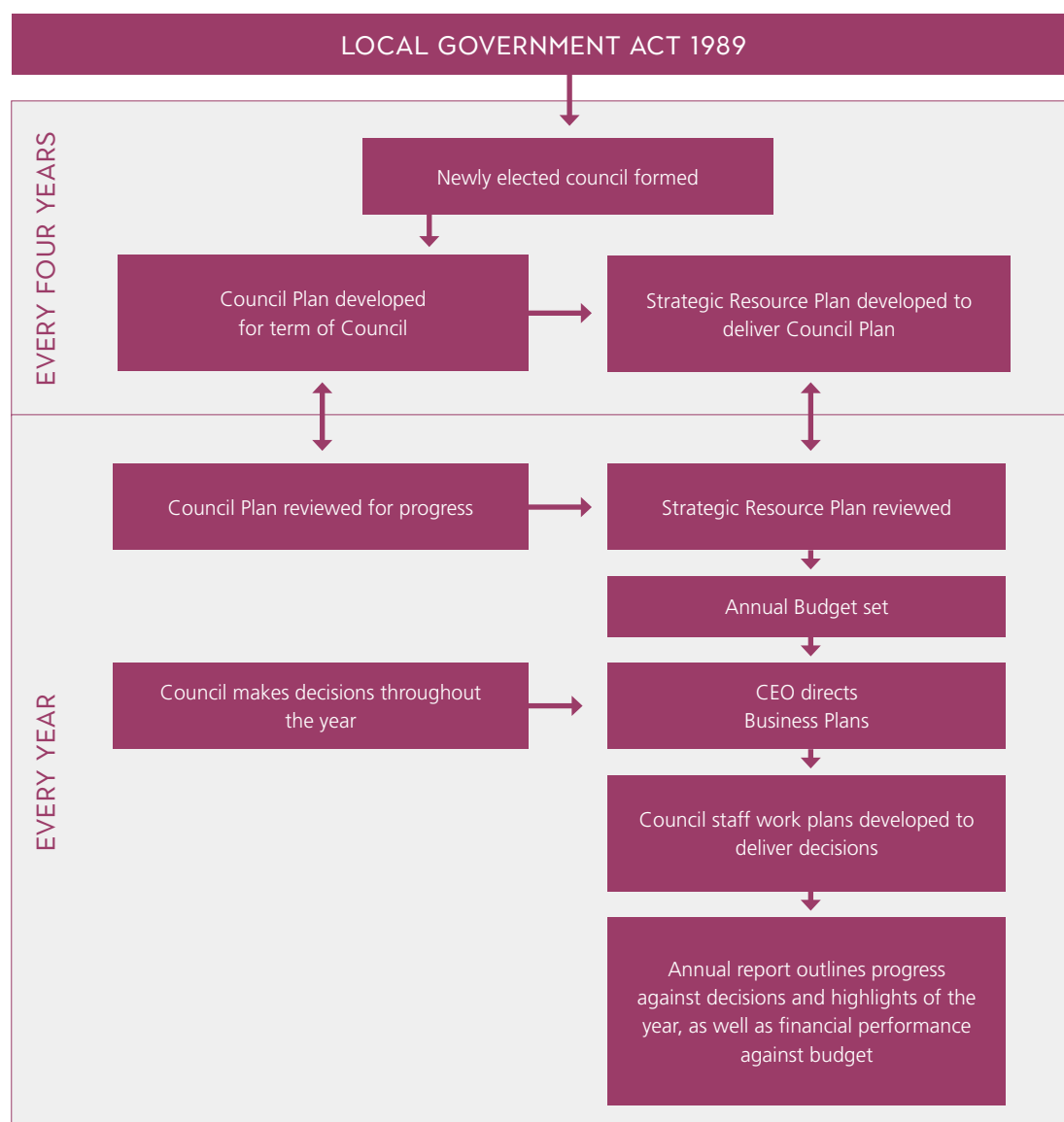
OUR PERFORMANCE



HOW THE COUNCIL WORKS

The Council, which is democratically elected every four years, meets regularly to make decisions that are informed by consultation with the community. These decisions are implemented by the staff employed by the Council. The CEO is the only member of staff directly employed by the Council. All other staff are employed by the CEO under delegated authority from the Council.

The following framework is how the Council determines the community's priorities and then ensures they are implemented as far as possible.



STRATEGIC OBJECTIVES

The Council measures its progress by reporting against its Strategic Objectives.



CONNECTED AND VIBRANT COMMUNITY

We are committed to building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life.



SUSTAINABLE ENVIRONMENT

We will take a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future.



ENGAGING AND ACCESSIBLE PLACES AND SPACES

We will provide community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City.



THRIVING AND PROGRESSIVE ECONOMY

We will support, promote and encourage the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community.



HIGH PERFORMING ORGANISATION

We will be a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our whole community.



SERVICE PERFORMANCE INDICATORS

The following table indicates the performance against the prescribed services and any material variations.

Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
AQUATIC FACILITIES					
Service standard Health inspections of aquatic facilities <i>Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities</i>	4	4	4	4	
Health and Safety Reportable safety incidents at aquatic facilities <i>Number of WorkSafe reportable aquatic facility safety incidents</i>	0	0	0	0	No reportable safety incidents in 2018/19.
Service cost Cost of <u>indoor</u> aquatic facilities <i>Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities</i>	\$6.19	\$6.46	\$5.71	\$6.12	
Service cost Cost of <u>outdoor</u> aquatic facilities <i>Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities</i>	\$6.19	\$6.46	\$5.68	\$6.12	
Utilisation Utilisation of aquatic facilities <i>Number of visits to aquatic facilities / Municipal population</i>	7.05	7.06	7.24	7.31	
ANIMAL MANAGEMENT					
Timeliness Time taken to action animal management requests <i>Number of days between receipt and first response action for all animal management requests / Number of animal management requests</i>	1 day	1 day	1 day	1 day	
Service standard Animals reclaimed <i>Number of animals reclaimed / Number of animals collected x100</i>	44.42%	44.53%	38.61%	33.77%	Increasing number of pet owners not prepared to pay pound release fees, for example, \$115 (second offence) to release dog.

Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
ANIMAL MANAGEMENT (cont.)					
Service cost Cost of animal management service <i>Direct cost of the animal management service / Number of registered animals</i>	\$56.58	\$90.52	\$93.53	\$81.93	New system implemented to track expenditure which has resulted in a decrease in the cost of the service.
Health and safety Animal management prosecutions <i>Number of successful animal management prosecutions</i>	8	5	0	0	No animal management prosecutions for 2018/19.
FOOD SAFETY					
Timeliness Time taken to action food complaints <i>Number of days between receipt and first response action for all food complaints / Number of food complaints</i>	1 day	1 day	1 day	1 day	
Service standard Food safety assessments <i>Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984 x100</i>	59.17%	80%	87.04%	97.98%	The data in Streatrader has been improved by removing multiple entries for the same premises and several old premises, this has resulted in a reduction in the number of Class 1 & 2 premises.
Service cost Cost of food safety service <i>Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984</i>	\$353.66	\$415.82	\$314.88	\$499.02	The increase in the cost of the service can be attributed to the undertaking of re-inspections of premises and the rationalisation of the Class 1 & 2 premises. Income has also reduced due to the reduction in the number of premises.
Health and safety Critical and major non-compliance outcome notifications <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>	0%	0%	0%	0%	No critical and major non-compliance outcome notifications for 2018/19.

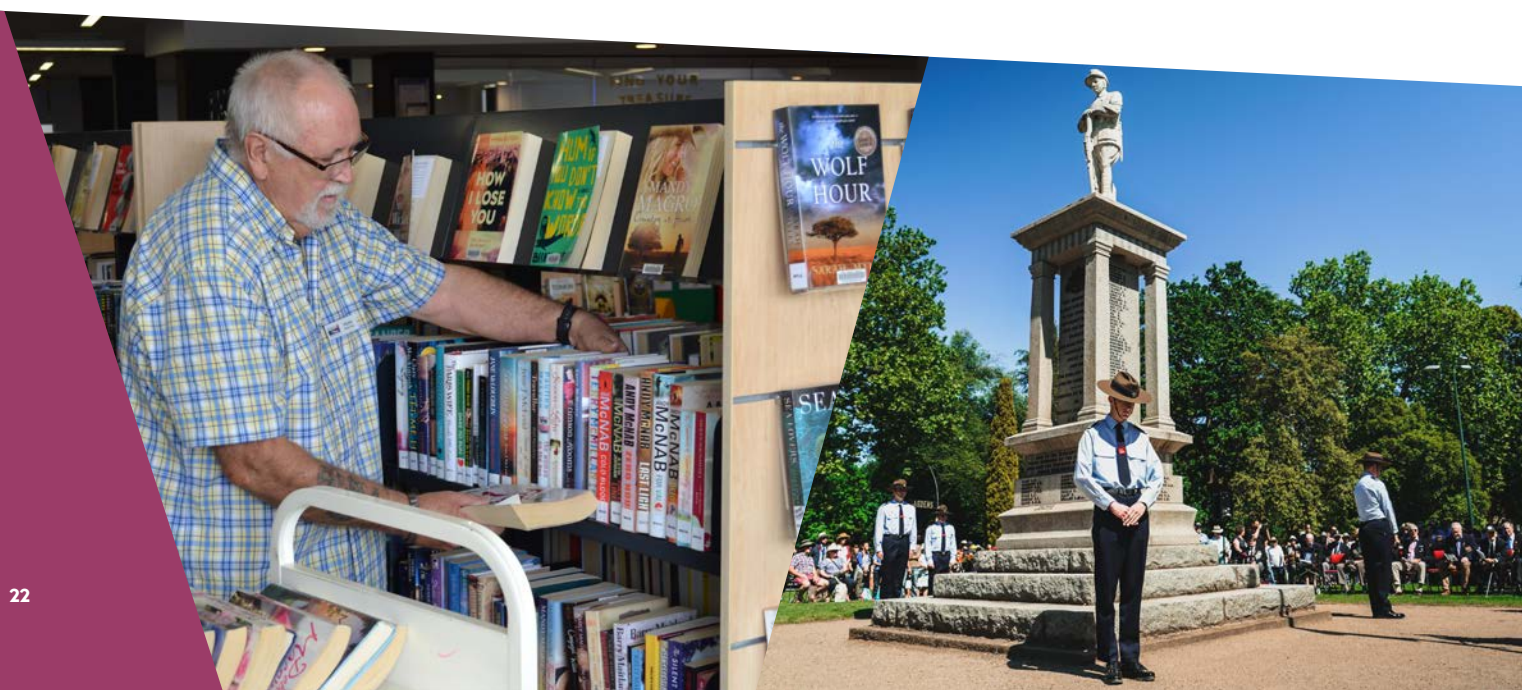
Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
GOVERNANCE					
Transparency Council decisions made at meetings closed to the public <i>Number of Council resolutions made at ordinary or special meetings of the Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of the Council or at meetings of a special committee consisting only of Councillors x100</i>	21.15%	11.11%	11.68%	14.79%	Increase in the number of tenders, considered by the Council which are all reported in confidential business.
Consultation and engagement Satisfaction with community consultation and engagement <i>Community satisfaction rating out of 100 with how the Council has performed on community consultation and engagement</i>	45	53	53	56	
Attendance Councillor attendance at council meetings <i>The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election) x100</i>	83.46%	100%	92.86%	92.38%	
Service cost Cost of governance <i>Direct cost of the governance service / Number of Councillors elected at the last Council general election</i>	\$40,275.71	\$25,589.08	\$33,354.32	\$32,316.51	
Satisfaction Satisfaction with council decisions <i>Community satisfaction rating out of 100 with how the Council has performed in making decisions in the interest of the community</i>	44	51	51	56	



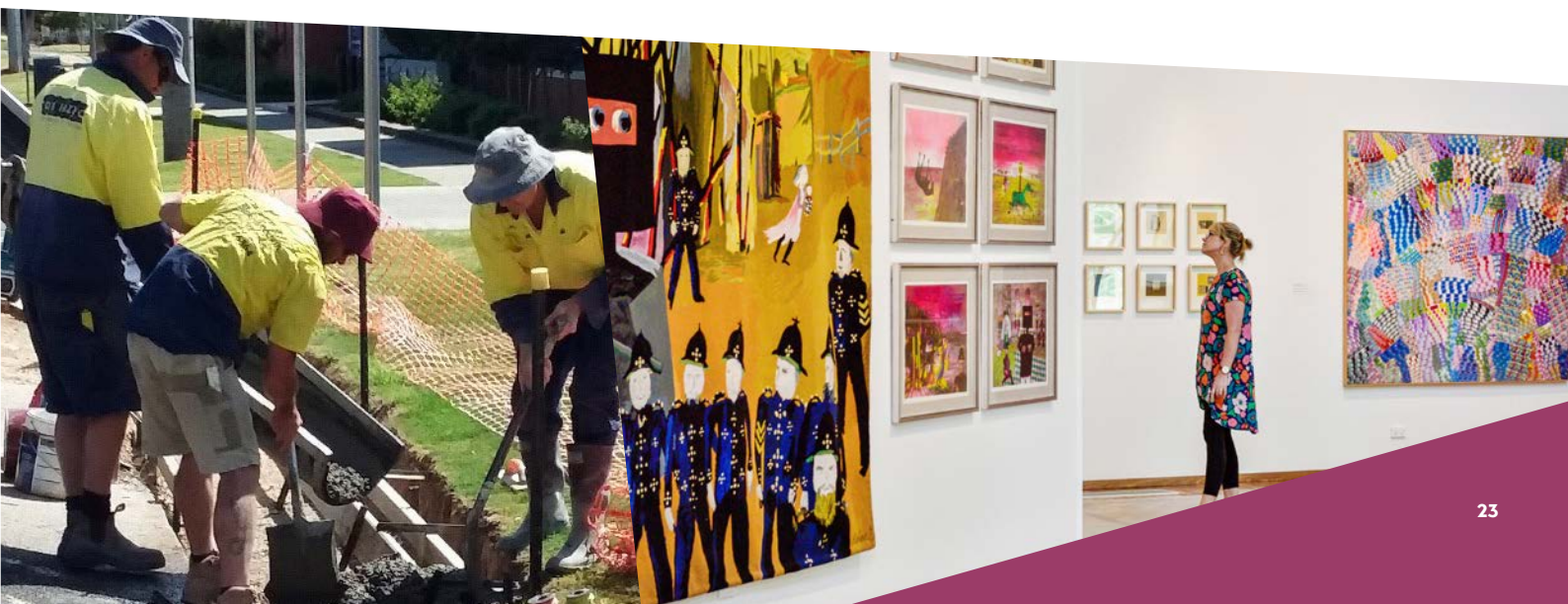
Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
LIBRARIES					
Utilisation Library collection usage <i>Number of library collection item loans / Number of library collection items</i>	3.18	3.02	3.11	3.62	The increase can be attributed to the 1000 Books School Program, aimed at pre-school aged children. The use of the junior section has increased significantly due to this program.
Resource standard Standard of library collection <i>Number of library collection items purchased in the last 5 years / Number of library collection items x100</i>	48.67%	49.31%	49.21%	56.78%	The improvement is due to a significant book weeding program to reduce the number of books more than 10 years old and with low circulation. This is in preparation for the introduction of Radio Frequency Identification in 2019/20.
Service cost Cost of library service <i>Direct cost of the library service / Number of visits</i>	\$5.09	\$5.03	\$7.01	\$6.89	
Participation Active library members <i>Number of active library members / Municipal population x100</i>	18.96%	18.54%	17.79%	17.63%	
MATERNAL AND CHILD HEALTH					
Satisfaction Participation in first MCH home visit <i>Number of first MCH home visits / Number of birth notifications received x100</i>	105.74%	103.23	96.32%	96.83%	
Service standard Infant enrolments in the MCH service <i>Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received x100</i>	100%	101.61%	98.77%	100.79%	
Service cost Cost of the MCH service <i>Cost of the MCH service / Hours worked by MCH nurses</i>	\$87.19	\$82.43	\$73.56	\$79.95	

Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
MATERNAL AND CHILD HEALTH (cont.)					
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>	83.89%	79.55%	81.23%	79.93%	
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>	89.19%	87.76%	86.27%	88.52%	
ROADS					
Satisfaction of use Sealed local road requests <i>Number of sealed local road requests / Kilometres of sealed local roads x100</i>	10.45	48.73	27.03	26.79	
Condition Sealed local roads below the intervention level <i>Number of kilometres of sealed local roads below the renewal intervention level set by the Council / Kilometres of sealed local roads x100</i>	97.84%	95.68%	91.35%	98.39%	
Service cost Cost of sealed local road reconstruction <i>Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed</i>	0	0	0	0	No local road reconstruction undertaken.
Service Cost Cost of sealed local road resealing <i>Direct cost of sealed local road resealing / Square metres of sealed local roads resealed</i>	\$3.61	\$4.40	\$3.28	\$4.83	The increase can be attributed to the higher cost of bitumen.
Satisfaction Satisfaction with sealed local roads <i>Community satisfaction rating out of 100 with how the Council has performed on the condition of sealed local roads</i>	51	49	43	54	Additional sealed road works undertaken in 2018/19. Drier weather also helped keep sealed roads in better condition.

Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
STATUTORY PLANNING					
Timeliness Time taken to decide planning applications <i>The median number of days between receipt of a planning application and a decision on the application</i>	30 days	21 days	22 days	23 days	
Service standard Planning applications decided within 60 days <i>Number of planning application decisions made within 60 days / Number of planning application decisions made x100</i>	95.14	95.65%	92.26%	88.39%	
Service cost Cost of statutory planning service <i>Direct cost of the statutory planning service / Number of planning applications received</i>	\$2,971.10	\$1,594.02	\$1,414.65	\$1,554.14	
Decision making Council planning decisions upheld at VCAT <i>Number of VCAT decisions that did not set aside the Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications x100</i>	100%	100%	66.67%	0%	No planning decisions upheld at VCAT.



Service Performance Indicators	2015/16	2016/17	2017/18	2018/19	Material Variation
WASTE COLLECTION					
Satisfaction Kerbside bin collection requests <i>Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households x1000</i>	144.68	127.24	125.63	126.95	
Service standard Kerbside collection bins missed <i>Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts x10,000</i>	1.57	5.99	9.31	9.07	
Service cost Cost of kerbside garbage bin collection <i>Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins</i>	\$81.60	\$58.14	\$53.97	\$57.43	
Service cost Cost of kerbside recyclables collection <i>Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins</i>	\$63.56	\$46.48	\$46.22	\$69.50	Cost increase due to ongoing issues in the recycling industry.
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>	59.68%	62.15%	\$61.23%	60.85%	





STRATEGIC OBJECTIVE 1

CONNECTED AND VIBRANT COMMUNITY

We are committed to building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life.

The following statement reviews the performance of the Council against the major initiatives identified in the 2018/19 Budget.

Major Initiatives	Comment
Promote, support, acknowledge and value volunteers	<ul style="list-style-type: none"> – National Student Volunteer Week held in August. – Successful implementation of #GivingBack student volunteering program in collaboration with Benalla P-12 College and Benalla Health. – Volunteer Connections newsletter and newly designed Christmas cards well received. – Councillors attended 12 recognition activities that were held for Council volunteers during May to celebrate National Volunteer Week. – 496 registered volunteers as at 30 June 2019.
Review, update and implement the Youth Strategy 2013-2017	<ul style="list-style-type: none"> – 661 people participated in youth strategy consultation program, which included a survey and focus groups. – Draft strategy circulated for feedback. – Strategy to be finalised in 2019/20.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2019 Review).

Strategic Indicator / Measure	Target	Result
Number of community groups receiving a grant from the Community Support Program.	70	68
Number of rural forums conducted.	3	2
Number Youth Strategies reviewed and updated.	1	0
Number of active library members (percentage of the municipal population that are active library members).	18%	17.63%
Utilisation of aquatic facilities (number of visits to aquatic facilities per head of municipal population).	7	7.31
Participation in the MCH service (percentage of children enrolled who participate in the MCH service).	80%	88.52

The following statement reviews the performance of the Council against services funded in 2018/19 Budget and the persons or sections of the community who are provided the service.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
Communications	Community engagement in accordance with the Council's Communication and Consultation Strategy.	160	(0)	160
Community Development	Coordinates and supports community planning and development activities. Engages with young people and partners with service providers.	325	(177)	148
Community Services	<p>Delivers a range of services to enhance, independence, dignity, connectedness, health and wellbeing. The services provided are available to residents of all ages, cultures and socio-economic backgrounds.</p> <p>Aged and Disability Services:</p> <ul style="list-style-type: none"> – Food Services – Home and Community Care Assessment Services – Homecare – Planned Activity Groups – Volunteer Transport <p>Family and Children Services:</p> <ul style="list-style-type: none"> – Enhanced Home Visiting – Family Services – Maternal and Child Health. 	3,308	(2,225)	1,083
Development	<p>Management, planning and response of operations related to emergency events.</p> <p>Management and delivery of specific services such as:</p> <ul style="list-style-type: none"> – Immunisation programs – School crossing supervision – Environmental Health Education Projects. 	323	(141)	182
Facilities	Coordinates and supports Aquatic Centre operation.	1,464	(824)	640
People & Performance	– Volunteer coordination and support.	53	(0)	53

COMMUNITY GRANTS PROGRAM 2018/19

The Council's 2018/19 Budget allocated \$81,666 to the Community Support Program, with up to \$66,666 of this allocated for the Community Grants Program and Youth Participation Program and the balance directed toward the Community Sponsorship Program. Another \$12,000 was allocated to the Major Event Funding Program.

The Community Grants Program is an annual funding allocation designed to encourage not-for-profit community based organisations to seek funding up to \$2,500 for projects and activities that will assist in building healthy, vibrant and sustainable communities across Benalla Rural City.

The Youth Participation Grant Program provides an opportunity for youth led projects to seek funding of up to \$1,000 to help support eligible projects, activities and events planned, driven and delivered by young people for young people.

The Council's Major Event Funding Program enables local community groups, clubs, organisations and external event groups to seek funding to assist in the staging of events that will provide measurable economic benefit and enhance the image and liveability of Benalla Rural City.

In February 2019 the Council opened the funding round and held a grant information and writing session in partnership with the Tomorrow Today Foundation and Valley Sport at Community Care – Ray Sweeney Centre, Coster Street, Benalla.

Grants allocated under the 2018/19 program are detailed in the following tables.



Grants allocated under the 2018/19 program are detailed in the following tables.

COMMUNITY GRANTS

Applicant	Project	Funding Allocated
Benalla Agricultural & Pastoral Society Inc.	To supply and install an air-conditioning/heating system in the Secretary's Office at the Benalla Showgrounds Reserve.	\$1,800
YMCA Inc. (Benalla Aquatic Centre)	Water safety and survival program for all Grade 5 and 6 students in Benalla.	\$2,200
Benalla Bush Rangers Cricket Club Inc.	Re concrete and resurface three cricket practice wicket pitches at the Benalla Gardens.	\$2,200
Benalla & District Pre School Partnership Inc.	To purchase items to establish an outside Stephanie Alexander Garden including oven, tables, chairs, garden beds, soil, garden tools, crockery and cutlery.	\$2,500
Benalla Golf Club Inc.	Purchase of a Lighting Detection and Warning System (including the installation of a warning siren and repeater on the Benalla Golf Course).	\$2,500
Benalla Indoor Recreation Centre Inc.	Purchase and installation of security cameras within the Benalla Indoor Recreation Centre.	\$2,500
Benalla Lawn Tennis Croquet Club Inc.	Purchase of a mobile tennis ball machine and tennis ball starter pack to assist with Junior tennis training.	\$2,300
Benalla Little Athletics Inc.	Purchase of scissor kick mat for High jump activity as recommended by Little Athletics Victoria.	\$2,260
Benalla Men's Shed Inc.	Purchase of defibrillator, batteries, ear plugs, safety glasses, gloves and sun protection equipment.	\$2,500
Benalla Racing Club Inc. as auspice for the Benalla Young Sportspersons Trust	Funding to support local young sportspersons to compete at Regional, State, national and International level sporting competition and events.	\$2,000
Benalla Rovers Soccer Club Inc.	Funding to assist with upgrade to Women's and Men's toilets (including conversion of 1 stall into an accessible stall and painting), plus a baby table and hand rails at Churchill Reserve.	\$2,500
Benalla Saints Sports Club Past Players and Officials Association Inc.	To extend the "gable carport" structure at the Benalla Showgrounds to increase the undercover area between the main playing arena and the netball courts.	\$2,500
Benalla Senior Citizens Inc.	Purchase of electric stove and fridge for the Senior Citizens facility together with a Desk Support Riser for the Office Computer desk to ensure accessible use of the office computer.	\$2,013
Benalla Swimming Club Inc.	Purchase of eight gazebos, a portable P.A. System, a retractable banner, event board and stop watch to support local and regional swimming events.	\$2,477
Carers Support Group Inc.	Funding support to assist with costs associated with the costs of attending a variety of events and activities including a Bus Trip to Bright, Werribee Mansion visit and 30 year celebration event.	\$2,200
Cooinda Village Inc.	Funding support to assist with purchase of "Wake Up to Dementia" T Shirts to raise awareness of Dementia and promote the annual "Walk and Wake Up to Dementia" Community Walk.	\$2,500

Applicant	Project	Funding Allocated
Devenish Memorial Sports Club Inc.	Funding to assist with engaging a Contractor to assist with the eradication of noxious weeds at the Devenish Sports Oval and surrounding areas (perimeter fences and gateways).	\$2,000
Devenish Public Hall Inc.	Purchase and installation of a fire proof Safe at the Devenish Public Hall.	\$1,200
Devenish Rural Fire Brigade (CFA)	Purchase of an Auto External Defibrillator (AED), First Aid Kit and signage for Defibrillator to be located at Devenish Public Hall and Devenish Silo Viewing Platform.	\$2,500
For the Good of Devenish	Purchase of a portable steel ramp to improve access to the Devenish public Hall and Devenish Silo Viewing area.	\$1,400
Girl Guides Association of Victoria as auspice for Benalla Girl Guides	Purchase of large heavy duty gazebo with side walls to be used for Girl Guides events such as camping, outdoor events and Come and Try activities.	\$550
Goorambat Football Netball Club Inc.	Purchase of eight football goal post pads to enable the club to confirm to Australian Safety Standards.	\$2,500
LG Boxing Club Benalla Inc.	Purchase of carpet tiles to upgrade gym area to assist with safety and accessibility to facility.	\$2,500
Lurg Hall Reserve Committee of Management	Re-purpose of existing Bike Shed to a camp kitchen at the Lurg School Reserve. This project will include construction of benches, installation of a kitchen sink, barbeque and repairs to the shed roof and installation of lights.	\$1,355
Moiria Benalla Club Inc.	Funding to assist with the refurbishment of the exterior of Moira House including an upgrade to the front of the two story building which involved replacement of rotting timber and painting of the iron lattice work.	\$2,500
Molyullah Rural Fire Brigade (CFA)	Purchase of a Smart Antenna Telstra phone service booster kit to assist Volunteers to access mobile phone coverage at the CFA Shed.	\$1,070
North East Multicultural Association Inc.	Working in partnership with Benalla's Emergency Services, Vic Pol, SES and CFA to showcase the importance of these services within the community and to include hands on demonstrations and displays.	\$1,500
Samaria Suns Sports Club Inc.	Purchase of a DSLR Camera to assist in taking quality photos and enhancing social media presence.	\$ 916
Tatong Community Great Big Garage Sale Inc.	Purchase of 20 bollards and A-Frame Parking Signs to assist with traffic management and pedestrian safety.	\$700
U3A Benalla Inc.	Installation of NBN to the U3A room at the Benalla Seniors Complex and the payment of 12 months NBN Connection; plus two mobile Samsung devices to assist in training adults new to technology on how to navigate mobile devices.	\$2,500
Waminda Inc.	Funding to assist with a variety of HOCUS youth activities and events such as Swim n Gym, Cooking, Movie Nights, Dance Therapy and Volunteering activities such as Benalla Festival.	\$2,500
Warrenbayne Recreation Reserve Committee of Management	Purchase of musical equipment, puzzles, games, books, paint, oil pastels and tables and chairs to assist in the establishment of a Playgroup for preschool children 0 – 6 years of age and their parents, carers and grandparents at the Warrenbayne Public Hall.	\$1,500
Total for Community Grants		\$64,141

Note: Council did not receive any applications under the Youth Participation Grants category in 2019.

MAJOR EVENT FUNDING

Applicant	Project	Funding Allocated
Austin 7 Club Inc.	Funding to assist with the development of the new Historic Winton website	\$1,500
Devenish Silo Art Committee - For the Good of Devenish Inc.	Funding to assist towards general expenditure associated with delivery of the Devenish Anzac Tribute Day including toilet hire, traffic management, waste, hire of chairs, marketing and entertainment	\$1,500
Glenrowan Vignerons Association	Funding to assist with publicity and promotion of the Glenrowan Winemakers Weekend in June 2019.	\$1,500
Goorambat & District Community Group	Funding to support general expenditure associated with delivery of the Scarecrow Festival in November 2019 including catering, hall hire, marketing and decorating materials.	\$1,500
Moorngag Hall & Recreation Reserve Committee	Funding to assist with the hire of cool rooms, toilets, sound system, site preparations and catering supplies for the Moorngag Mower Mania event in November 2019.	\$1,500
Benalla Rovers Soccer Club	Funding to purchase soccer goals and match balls for the Soccer Gala Day to be held in August 2019	\$1,500
Tatong Memorial Hall Committee	Funding to assist with the cost of hiring art work display stands for the Tatong Art Show to be held in November 2019.	\$1,200
The Source Benalla Inc.	Funding to assist with marketing and promotion of The Source festival to be held in March 2020.	\$1,500
Total		\$11,700



COMMUNITY SPONSORSHIP PROGRAM

As detailed in the table below, in 2018/19, \$15,773 of assistance was provided to 33 community organisations from the Council's Community Sponsorship Program.

Applicant	Project	Funding Allocated
Boweya Community Inc.	Funding to assist with the purchase of 15 new meeting chairs for the refurbished Boweya Community Centre.	\$500
Benalla Historical Society Inc.	Funding to assist with the purchase of the old witness box from the Benalla Court House.	\$500
Benalla Senior Citizens Club Inc.	Funding to assist with costs and entertainment for the Senior Citizens Club's 60th anniversary Celebration event held in October 2018.	\$500
Oak FM (Wangaratta Community Radio Assoc Inc.) as auspice for the Benalla Ballroom Dancers	Funding to assist with hire of the Senior Citizens Hall for the Benalla Ballroom Dancers Drought Fundraiser event in November 2018.	\$300
Tatong Anglers Group Inc.	Funding to assist with the hire of the Benalla P-12 College Camp at Lake Nilahcootie for the annual Family Christmas celebration event. coordination of an annual family Christmas celebration event	\$500
Benalla P – 12 College	Funding to support the Year 12 Graduation Awards event held in December 2018.	\$500
Goomalibee- Upotipotpon CFA	Funding assistance to support the annual Goomalibee CFA Community Christmas Celebration event.	\$500
Albert Heaney Reserve Committee of Management Inc.	Funding to assist with catering, promotion and marketing of the "Swanpool Motor Festival" held in Swanpool in February 2019.	\$500
Warrenbayne Recreation Reserve Inc.	Funding to assist with costs associated with the Warrenbayne Community Christmas event.	\$500
Tomorrow Today Education Foundation	Funding to assist with catering for the Parents Early Education Partnership (PEEP) program Christmas party held in December 2018.	\$500
Benalla Business Network as auspice for Benalla Window to Window Arts Festival	Funding to assist with promotion and material costs for the inaugural Window to Window Arts event held in December 2018.	\$500
VALID Inc. as auspice for the Benalla Accessibility Reference Group	Funding support provided for the hire of the Benalla Town Hall and a general parking permit for the Hearing Australia Van for the Benalla Aged and Disability Expo held in November 2018.	\$440
Broken River Environment Group Inc. trading as Goomalibee Landcare	Funding for promotion of the Gecko Clan and Goomalibee Landcare groups to residents in the Tarnook and Goomalibee areas.	\$500
Soroptimist International of Benalla Inc.	Funding support provided to assist with the hire of the Benalla Town Hall for the Soroptimist International Fashion Parade in October 2018.	\$370

Applicant	Project	Funding Allocated
Benalla Water Tower Preservation Group Inc.	Purchase of personal protective equipment (safety glasses, coveralls, gloves, dust masks, workbooks and stationary) to assist with cataloguing of the tools and other historic items located in the Benalla Water Trust site building in Riverview Road, Benalla)	\$500
Victorian YMCA Community Planning	Funding to assist with BBQ, DJ and activities associated with conducting an Australia Day event at the Benalla Aquatic Centre.	\$500
Benalla Pastoral Society Inc.	Funding to assist with Horse and Pony Gymkhana event as a fundraising event for the annual Benalla Agricultural Show.	\$500
Benalla Family Research Group Inc.	Funding to assist with the purchase of a small letter folding machine for folding flyers and brochures for posting and distribution to tourist destinations and Information Centre.	\$280
Molyullah Public Hall & Recreation Reserve Committee of Management	Funding to assist with costs associated with waste and rubbish collection at the annual Molyullah Easter Sports event held in April 2019.	\$500
Tatong Memorial Hall Committee of Management	Funding to assist with the cost of bus hire to support the Tatong Rural Community Drought Event to Yarrawonga for local farmers.	\$500
Turtles Australia Inc.	Funding to assist with costs associated with hosting a local presentation from Turtles Australia Inc. on Turtle species in the Brooker River (including the Benalla Lake Precinct).	\$500
Swanpool Bowling Club Inc.	Funding support to assist with catering and promotion of the Swanpool Bowling Club Australia Day Annual Bowls Tournament held in January 2019.	\$500
LUEY Inc. as auspice for Benalla Shorts	Funding to assist with the hire of the Benalla Town Hall for the national Short Film Festival Competition Special Awards Night.	\$500
MND Victoria as auspice for Benalla Act2DFeet MND Committee	Funding to assist with promotion, hire of bins and waste collection as part of the annual Benalla MND event in February 2019.	\$500
Cooinda Village Inc.	Funding to assist with costs associated with the hire of BPACC for the 2019 Lets Find Our Voice event to be held in September 2019.	\$500
Benalla Rovers Club Inc.	Funding to assist with costs associated with purchasing replacement pads for the Club Defibrillator and to conduct First Aid/CPR Training for Club members.	\$500
Benalla Sustainable Future Group Inc.	Funding to assist with venue hire, catering and promotion of Shannon Loughnane's "Extremely Long Walk for Climate Action" event held in April 2019.	\$500
Lurg Hall Reserve Committee of Management Inc.	Funding to assist with repairs to windows at the Lurg Public Hall together with costs associated with conducting the annual Lurg Hall Trivia Night.	\$500
Total		\$15,773



STRATEGIC OBJECTIVE 2

ENGAGING AND ACCESSIBLE PLACES AND SPACES

We will provide community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City.

The following statement reviews the performance of the Council against the major initiatives identified in the 2018/19 Budget.

Major Initiatives	Comment
Deliver and promote maintenance programs for core assets such as roads, bridges and drainage.	<ul style="list-style-type: none">– Grading practice changes with operators removing false drains to enable better pavement shape.– 503.2km unsealed roads and 122.4km sealed road shoulders graded.– \$1.79 million spent on sealed roads and \$917,000 on unsealed roads.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2019 Review).

Strategic Indicator / Measure	Target	Result
Percentage of collected registerable animals under the <i>Domestic Animals Act 1994</i> reclaimed.	45%	33.77%
Percentage of required food safety assessments undertaken	80%	97.98%
Community satisfaction with sealed local roads.	55	54
Median number of days taken between receipt of a planning application and a decision on the application.	20	23
Percentage of VicSmart planning application decisions made within legislated time frames.	95%	88.39%

The following statement reviews the performance of the Council against the services funded in the 2018/19 Budget.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
Financial Services	Acquisition and disposal of Council properties and asset management services.	279	(513)	(234)
Arts, Communication, Tourism & Events	Benalla Library operations, which provides library services to Benalla Rural City residents.	734	(353)	381
Arts, Communication, Tourism & Events	The Benalla Art Gallery is a Council owned and operated facility providing cultural and tourism benefits to the Rural City.	583	(178)	405
Development	Land use Planning Services to manage development in accordance with the Benalla Planning Scheme and the Planning and Environmental Act. Municipal Building Surveyor Services to meet statutory obligations in accordance with the Local Government Act and Building Regulations.	479	(264)	215
Operations	Responsible for the Council's Asset Management requirements including its Road Management Plan. Maintains the Geographical Information Systems which provide computer based mapping and aerial photography. Implementation of major and minor works project management, supervision and delivery. Management and strategic implementation of maintenance and repair activities: <ul style="list-style-type: none"> – urban roads, drains and footpaths – rural roads, drains and bridges – signage, street sweeping – minor construction works – asset inspection programs – plant – maintains the Geographical Information Systems which provide computer based mapping and aerial photograph. 	6,669	(3,724)	2,945
Operations	Responsible for the management and maintenance of the Council's parks and gardens.	1,023	(26)	997
Facilities	Responsible for the management and maintenance of the Council's properties, open spaces, reserves and buildings.	1,627	(0)	1,627



STRATEGIC OBJECTIVE 3

SUSTAINABLE ENVIRONMENT

We will take a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future.

The following statement reviews the performance of the Council against the major initiatives identified in the 2018/19 Budget.

Major Initiatives	Comment
Establish a transfer station at the Benalla Landfill and Resource Recovery Centre.	<ul style="list-style-type: none">– Preliminary design completed.– Project delayed while suitable site is identified.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2019 Review).

Strategic Indicator / Measure	Target	Result
Community satisfaction rating for our performance in environmental sustainability.	60	58
Community satisfaction rating for our performance in waste management.	65	68
Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill.	65%	60.85%
Number of transfer stations constructed.	1	0

The following statement provides information in relation to the services funded in the 2018/19 Budget and the persons or sections of the community who are provided the service.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
CEO Division	This service is responsible for the management and provision of environmental projects including roadside weed and pest management and local government energy savers program.	130	(227)	(97)
Waste Management	Includes waste collection, recycling programs, EPA licensed landfill operation, and waste minimisation programs in accordance with state and regional plans and policies. Area also includes sustainability and environment activities: climate change, roadside vegetation, energy and water conservation; and water quality. Operating result is offset by required capital expenditure.	5,903	(5,065)	838





STRATEGIC OBJECTIVE 4

THRIVING AND PROGRESSIVE ECONOMY

We will support, promote and encourage the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community.

The following statement reviews the performance of the Council against the major initiatives identified in the 2018/19 Budget.

Major Initiatives	Comment
Work together with key stakeholders such as the Benalla Business Network to engage, support, strengthen and enhance local business.	<ul style="list-style-type: none"> – \$10,000 allocated to the Benalla Business Network in the 2018/19 Budget. – Five events held in Benalla Rural City as part of the 2018 Small Business Festival held in North East Victoria. – \$400,000 'Startup Shakeup' local entrepreneur support program launched across North East Victoria. – Memorandum of Understanding signed with Melbourne Innovation Centre to present eight Digital Solutions workshops in 2019. – Supported inaugural Window to Window Street Art event.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2019 Review).

Strategic Indicator / Measure	Target	Result
Community satisfaction rating for our performance in tourism development.	60	66
Community satisfaction rating for our performance in economic or business development.	50	59
Community satisfaction rating for our performance in the provision of arts centres.	80	79

The following statement reviews the services funded in 2018/19 Budget and the persons or sections of the community who are provided the service.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
Business Development	This service predominantly provides advice both internal and external customers on business activities and opportunities for business within the municipality. Also, Council initiative funding for specific events.	421	(406)	15
Arts, Communication, Tourism & Events	Management of VIC, Events and Tourism including Benalla Festival and other grant funded events across Benalla Rural City.	695	(73)	622
Benalla Performing Arts & Convention Centre	Management and Operation of the Benalla Performing Arts and Convention Centre (BPACC).	588	(409)	179
Facilities Maintenance	This service prepares long term maintenance management programs for Council's property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, aerodrome, pavilions and other community buildings.	252	(90)	162





STRATEGIC OBJECTIVE 5

HIGH PERFORMING ORGANISATION

We will be a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our whole community.

The following statement reviews the performance of the Council against the major initiatives identified in the 2018/19 Budget.

Major Initiatives	Comment
Work in partnerships with community, groups, local agencies and all levels of government to advocate for improved services. Infrastructure and social outcomes for our community.	<ul style="list-style-type: none">– Key advocacy issues for the year: payment in lieu of rates for Australian Government owned properties; funding for Rural Outreach Worker; in-land rail and proposed overpass; ultra high-speed internet for Benalla Rural City; and Benalla West housing renewal project.– Key forums: Ovens Murray Regional Partnership; Hume Regional Local Government Network; Hume Regional Councils Transformation Project; and Tourism North East

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2019 Review).

Strategic Indicator / Measure	Target	Result
Community satisfaction with Council's overall performance.	58	61
Community satisfaction with how Council has performed in making decisions in the interest of the community.	55	56
Community satisfaction with how Council has performed in customer service.	70	75
Community satisfaction with the consultation and engagement efforts of the Council.	57	56
Community satisfaction with the overall direction of Council.	55	58
Community satisfaction with Council's advocacy.	59	56

The following statement reviews the services funded in 2018/19 Budget and the persons or sections of the community who are provided the service.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
CEO Division	Chief Executive Officer, Mayor and Councillor support and internal audit program.	754	(11)	743
Corporate	Includes the General Manager Corporate and associated support. Also includes the governance function.	554	(1)	553
Facilities Maintenance	This service manages Council's business service centre and Town Hall buildings.	155	(10)	145
Financial Services	This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, procurement and contracting of services, raising and collection of rates and charges and valuation of properties throughout the municipality.	1,147	(17,861)	(16,714)
People and Performance	Includes human resource management support for the organisation and training and development for staff. Delivers information technology services and support to Council staff and various work locations. This Department is also responsible for ensuring the achievement of corporate objectives in regard to Risk Management, Insurance and Occupational Health and Safety.	3,098	(109)	2,989
Development	Municipal Building Surveyor Services to meet statutory obligations in accordance with the Local Government Act and Building Regulations. Coordination of Council's statutory obligations in relation the Domestic and Feral and Nuisance Animal Act, Road Regulations, Environment Protection Act, Country Fire Authority Act. Provision of professional Environmental Health Services to meet Council's statutory obligations with respect to the Health Act, and Environment Protection Act. Coordination of Council's statutory obligations in relation to the Domestic and Feral and Nuisance Animal Act, Road Regulations, Environmental and Protection Act, Country Fire Authority Act. Provision of professional and Environmental Health Services to meet Council's statutory obligations with respect to the Health Act and Environmental Protection Act.	903	(476)	427

EQUAL EMPLOYMENT OPPORTUNITY

The Council's commitment to the equal opportunity principles is to ensure there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010*. These include race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation.

Our equal opportunity policy and procedure reflects our further commitment to ensuring a workplace free from bullying and harassment.

CODE OF CONDUCT

The *Local Government Act 1989* requires the establishment of a 'Code of Conduct' for Council staff. Under the code, staff are required to act impartially, act with integrity (including avoiding conflicts of interest), accept accountability for results and provide responsive service.

The Staff Code of Conduct provides a set of guidelines that connect staff decision-making, behaviour and actions to the vision, mission and values of the organisation. It is designed to guide staff on the standards expected of them as they carry out their work. Those standards include honesty and integrity, and a commitment to treating all people with courtesy and respect.

REPORTED INCIDENTS AND HAZARDS

The Council is committed to providing and maintaining a work environment that is safe and healthy for all staff, volunteers, contractors, customers, visitors and members of the public.

The Occupational Health and Safety policy and procedures defines the approach to ensure this commitment is achieved.

The Council is committed to improving workplace health and safety through effective and prompt reporting and investigating of incident/accidents occurring across Council operations.

Prompt reporting of incidents/accidents enables the Council to reduce the risk of recurring incidents and creates a safer work place for everyone.

In 2018/19 there were 66 reported incidents. Work continues with all staff to raise the awareness of their Occupational Health and Safety responsibilities and continue to reduce the risk of incident/accidents occurring as well as continuing to encourage proactive reporting and investigation to incident and accidents.

MANAGING RISK

The Council is committed to proactive risk management and ensures the environment and facilities provided for both the community and staff are safe with the necessary practices and procedures in place for the control of all identified risks.

During the year, Council's Risk Management Policy, Procedures and Risk Framework was updated and the Leadership Team has participated in several workshops to review the Strategic and Operational Risk Register.

- risk management culture and branding
- best practice in risk management
- communication and training
- risk registers and risk management software development.

STATUTORY INFORMATION

BEST VALUE

The Council commenced a review of its services in accordance with the *Local Government (Best Value Principals) Act 1999* following de-amalgamation.

The Best Value Principals are:

- Council services must meet quality and cost standards
- Council services must be responsive to the needs of its community
- Council services must be accessible to whom the services are intended
- Council services must achieve continuous improvement
- Council must consult with its community on the services it provides
- Council must report to the community its achievements in relation to the principles.

Examples of how the Council gave effect to the Best Value Principals during the 2018/19 financial year included:

- audits conducted on Occupational Health and Safety and Data and Document Retention.
- implementation of Community Access Inclusion Plan to ensure accessibility to Council services
- participation in 2019 Local Government Community Satisfaction Survey

- participation in the Hume Regional Councils Transformation Project, which explored and sought funding for a range of shared services opportunities across north eastern Victoria
- service planning commenced on receipt of Finance and Accounting Support Team (FAST) grant from Local Government Victoria.
- achievements in relation to Best Value Principals reported to the community through a range of communication channels, particularly social media.

CARERS RECOGNITION ACT 2012

The Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012* by:

- promoting the principles of the Act to people in care relationships who receive Council services, to people in care relations and to the wider community
- ensuring staff, council agents and volunteers working for Council are informed about the principles and obligations of the Act
- reviewing and modifying policies, procedures and supports to include recognition of the carer relationship
- ensuring information on the Act is readily available to staff.



DOCUMENTS FOR PUBLIC INSPECTION

Listed below are documents available for public inspection pursuant to Section 12 of the Local Government (General) Regulations 2015. In accordance with Section 222 of the *Local Government Act 1989* the following documents may be viewed on the Council's website or inspected by arrangement with the Governance Coordinator on 5760 2645.

- a. a document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including:
 - i. the name of the Councillor or member of Council staff;
 - ii. the dates on which the travel began and ended;
 - iii. the destination of the travel;
 - iv. the purpose of the travel; and
 - v. the total cost to the Council of the travel, including accommodation costs.
- b. the agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- c. the minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- d. a register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act;
- e. a document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease;
- f. a register maintained under section 224(1A) of the Act of authorised officers appointed under that section;
- g. a list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

DISABILITY ACTION PLAN

The Community Access and Inclusion Plan 2015-2017 was adopted by the Council on 2 September 2015. A review of the plan is underway.

DOMESTIC ANIMAL MANAGEMENT PLAN

In accordance with the *Domestic Animals Act 1994*, the Council is required to prepare a Domestic Animal Management Plan at yearly intervals and evaluate its implementation in the Annual Report.

The Council adopted the Domestic Animal Management Plan 2017-2021 on 14 November 2018. A review of the plan commenced in August 2019.



FOOD ACT MINISTERIAL DIRECTIONS

In accordance with section 7E of the *Food Act 1984*, the Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

No such Ministerial Directions were received by the Council during the financial year.

FREEDOM OF INFORMATION

In accordance with section 7(4AA)(a) and 7(4AA) (b) of the *Freedom of Information Act 1982*, The Council is required to publish certain statements in their annual report or separately such as on its website concerning its function and information available. The Council has chosen to publish the statements separately, however, provides the following summary of the application and operation of the *Freedom of Information Act 1982*.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in Section 17 of the *Freedom of Information Act 1982* and in summary as follows:

- It should be in writing
- It should identify as clearly as possible which document is being requested
- It should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Council should be addressed to the Freedom of Information Officer. Requests can be lodged by email to: council@benalla.vic.gov.au.

Access charges may also apply once documents have been processed and a decision on access is made (e.g., photocopying and search and retrieval charges).

Further information regarding FOI can be found at www.foi.vic.gov.au and on the Benalla Rural City website www.benalla.vic.gov.au

PROTECTED DISCLOSURE PROCEDURES

In accordance with section 69 of the *Protected Disclosure Act 2012* a Council must include in their annual report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

Procedures on how to make a disclosure are publicly available on the Council's website:
www.benalla.vic.gov.au

In 2018/19 no disclosures were notified to Council officers appointed to receive disclosures.

ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

In accordance with section 22 of the *Road Management Act 2004*, the Council must publish a copy or summary of any Ministerial Direction in its annual report.

No such Ministerial Directions were received by the Council during the financial year.

ACCOUNTABILITY AND GOVERNANCE

Like all Local Government in Victoria, Benalla Rural City Council operates under the *Local Government Act 1989*. Local councils are given a strict framework under which they must operate, and they are accountable to the Victorian Government through the Minister for Local Government under the Department of Transport, Planning and Local Infrastructure.

Councils must report regularly to the Victorian Government and are also audited annually by independent auditors. The Local Government Inspectorate and the Independent Broad-based Anti-Corruption Commission are bodies which have been set up by the Victorian Government to ensure that local governments act properly and with integrity.

Benalla Rural City Council puts corporate governance systems in place to ensure the organisation:

- operates within the spirit and intent of the relevant legislation
- outlines its powers and supports open and transparent decision-making processes
- establishes effective frameworks for planning
- monitors the efficiency and effectiveness of operations
- engages with and advocates for our community as partners in the ongoing growth and development of Benalla Rural City where lifestyle, culture and safety are important.

COUNCIL COMMITTEE SYSTEM AND MEETING CYCLE

Council business is conducted on a monthly cycle of Wednesday evening meetings commencing at 6pm at the Benalla Civic Centre.

Meeting type	Purpose
Planning and Development Committee	This Committee considers all matters relating to strategic and statutory planning and associated matters, infrastructure, environmental issues and economic development matters. Membership is all of the Councillors and the quorum for this Committee is a majority of the members.
Finance and Operations Committee	This Committee considers all governance and financial matters, social and cultural development and matters relating to the operation of Council's organisational administration. The membership of the Finance and Operations Committee is all of the Councillors and the quorum for this committee is a majority of members.
Council	The Council Meeting adopts, rejects or modifies recommendations from the two committees listed above and deals with other items. These meetings provide Councillors with another opportunity to debate issues discussed at the committee level before a final decision is made.

MEETINGS OF COUNCIL

Total meetings: 10 Ordinary Meetings, 5 Special Meetings

Councillor attendance at Council meetings and Special Council meetings during 2018/19.

Councillor	Council meetings attended	Special Council meetings attended	Total
Cr Scott Upston (Mayor)	9	3	12
Cr Barbara Alexander	10	5	15
Cr Danny Claridge	10	5	15
Cr Peter Davis	10	5	15
Cr Don Firth	9	5	14
Cr Bernadette Hearn	10	4	14
Cr William van Wersch	7	5	12

SPECIAL COMMITTEE MEETINGS

The Council has appointed the following three special committees under Section 86 of the *Local Government Act 1989*:

Special Committee	Councillors	Officers	Other	Purpose
Finance and Operations	7	0	0	Exercise its delegated Council powers in connection with governance, financial operations, social and cultural development and the Council's organisational administration.
Planning and Development	7	0	0	Exercise its delegated Council powers in connection with planning, capital projects, infrastructure, land use, environmental issues and local laws
Benalla Art Gallery	2	2	10	To develop the strategic direction of the Benalla Art Gallery.



FINANCE AND OPERATIONS COMMITTEE MEETINGS

Number of meetings held: 12

Councillor	Number of meetings attended
Cr Scott Upston (Mayor)	11
Cr Donald Firth	12
Cr Barbara Alexander (Chair)	12
Cr Danny Claridge	12
Cr Peter Davis	12
Cr Bernadette Hearn	11
Cr William van Wersch	11

PLANNING AND DEVELOPMENT COMMITTEE MEETINGS

Number of meetings held: 10

Councillor	Number of meetings attended
Cr Scott Upston (Mayor)	9
Cr Donald Firth	9
Cr Barbara Alexander	9
Cr Peter Davis	10
Cr Danny Claridge	9
Cr Bernadette Hearn (Chair)	9
Cr William van Wersch	9

BENALLA ART GALLERY SPECIAL COMMITTEE MEETINGS

Number of meetings held: 5

Councillor	Number of meetings attended
Cr Barbara Alexander	5
Cr Danny Claridge	5

COUNCILLOR CODE OF CONDUCT

In February 2017, in accordance with the *Local Government Act 1989*, the Council reviewed and adopted a revised Councillor Code of Conduct. The Councillor Code of Conduct sets out the standard of conduct expected of elected representatives and identifies the leadership role of Councillors. It draws attention to the need to act with integrity and honesty, to not exert influence on Council officers and to avoid conflicts between public duties as a councillor and personal interests and obligations. The *Local Government Act 1989* was amended to provide the requirement that all incoming councillors commencing from the 2016 general election must read their council's code of conduct and make a declaration that they will abide by it before taking (and remaining) in office. All Councillors signed the declaration on 1 February 2017.

The code provides three dispute resolution processes for dealing with internal disputes among the Councillors.

CONFLICT OF INTEREST

Councillors are elected to a position of trust to act in the best interests of the community. The Councillors and officers of Benalla Rural City live locally and are involved in the local community meaning there can be connections between their private lives and public duties. A conflict of interest is a situation that exists even if no improper act results from it.

Included in the agenda papers for every Council and committee meeting is a reminder of the obligation of Councillors and officers under the *Local Government Act 1989* to disclose any conflict of interest and step away from discussion and decision making in regard to the matter.

During 2018/19 there were eight conflicts of interest disclosed by Councillors at Council and Special Committee meetings. These are available on the Council's website including a description and the class of the conflict.

COUNCILLOR ALLOWANCES

Local Government Councillors in Victoria are provided with an allowance in recognition of their duties as Councillors under section 74 of the *Local Government Act 1989*. The Victorian Government sets an upper and lower limit for allowances dependent on the income and population of the municipality. Mayors are entitled to a higher allowance than Councillors in recognition of the greater level of commitment required.

For 2018/19 Benalla Rural City was classified as a Category 1 Council. On 24 May 2017 the Council resolved that the Mayoral and Councillor allowances be fixed at 2.5 per cent less than the maximum amount payable to a Category 1 Council with an amount equivalent to the deduction being donated to an appropriate charity or project as determined by the Council.

The table below presents the allowances paid to each Councillor during 2018/19:

Councillor	Allowance
Cr Scott Upston (Mayor)	\$50,262.67
Cr Barbara Alexander	\$21,850.49
Cr Peter Davis (Deputy Mayor)	\$27,926.51
Cr Danny Claridge	\$21,850.49
Cr Donald Firth	\$24,485.95
Cr Bernadette Hearn	\$21,850.49
Cr William van Wersch	\$21,850.49

COUNCILLOR EXPENSES

	Travel	Car Mileage	Child Care	Information & Communication	Conference & Training	Other	Total
Cr Scott Upston (Mayor)	-	-	-	-	\$1,606	-	\$1,606
Cr Barbara Alexander	-	-	-	\$300	\$2,470	-	\$2,770
Cr Peter Davis (Deputy Mayor)	-	-	-	-	\$318	-	\$318
Cr Danny Claridge	-	-	-	\$300	\$743	-	\$1,043
Cr Donald Firth	-	-	-	-	\$450	-	\$450
Cr Bernadette Hearn	-	-	-	\$300	\$700	-	\$1,000
Cr William van Wersch	-	-	-	-	-	-	-
Total	-	-	-	\$900	\$6,287	-	\$7,187

The Mayor (personal and Council business use) and councillors (Council business use) are provided with a fully maintained motor vehicle. Total fleet charges, including fuel costs, in 2018/19 were \$16,702.

Councillors and staff are provided with a meal after Council and Committee meetings.

AUDIT ADVISORY COMMITTEE

Membership

The Committee comprises two Councillors and a majority of independent members. The Committee's Councillor positions are held by the Mayor or the Mayor's choice of Councillor and the Chair of the Finance and Operations Committee. The external members are:

Name	Qualifications	Professional Background
Mr Wayne Neylon	F CPA	A qualified Fellow of the Certified Practising Accountants with more than 40 years' experience working in the retailing, finance, stockbroking, aviation, financial services and insurance industries.
Ms Rita HP Ruyters	G CPA (Acc) DipBus (Acc) FIPA	Has extensive experience and working knowledge in financial management accounting in the not for profit sector. Holds a Graduate Certificate in Professional Accounting. Executive Certificate in Corporate Governance and is a Fellow of the Institute of Public Accountants.
Mr John Stapleton	B Bus	Currently a Finance Business Partner at the Department of Transport in Benalla and has in excess of 30 years' experience working in government, primarily in the financial and business area. He has over 20 years' experience as a volunteer treasurer to sporting clubs and associations in the Benalla area.
Mr Cameron Gray	B Bus M(Com)	Currently the Executive Manager - Finance and ICT at Cooida Village Inc. in Benalla. Experience in working in the health, legal, employment services and agricultural industries. Fellow of the Institute of Public Accountants, Member of the Australian Institute of Company Directors. Holds Executive Certificate in Corporate Governance. Over the past 15 years has volunteered as treasurer/secretary to sporting clubs and associations in the Benalla area.

Attendance

During the 2018/19 financial year there was a quorum for each Audit Advisory Committee meeting, where the appointed Chair presided. Attendance of AAC members for the 2018/19 meeting schedule is summarised below.

	July 2018	September 2018	November 2018	March 2019
Wayne Neylon, Chair	✓	✓	✓	✓
Rita HP Ruyters	✓	✓	✓	✓
John Stapleton	✓	✓	✓	✓
Cameron Gray	✓	✓	✓	✓
Cr Barbara Alexander, Chair Finance & Operations Committee	✓	✓	✓	✓
Cr Bernie Hearn	✓	✓	✓	
Cr Peter Davis (Cr Hearn replacement)				✓

Terms of Reference

The Audit Committee conducted an annual review of its Terms of Reference and measured its performance using The Audit Committees - A Guide to Good Practice for Local Government as a guide.

Internal audit

A strong internal control environment ensures our systems contribute effectively to the management of operations. Services provided by the internal audit service include:

- risk assessment
- development and management of an audit program
- conducting audits and reviews
- reporting audit opinions, findings and recommendations; and
- presenting, discussing and providing advice on key issues.

The internal audit service helps Council and its management perform their responsibilities. The internal audit service helps Council maintain an organisational environment with strong, relevant and effective internal controls. The Council's internal auditor reports to the Audit Committee.

The service was re-contracted for a five-year term to Richmond, Sinnott and Delahunty during the 2016/17 financial year.

External audit

The Victorian Auditor-General is responsible for the external audit of Council.

Our external audit focuses on three key areas:

- strategic planning
- detailed audit system testing
- review of financial statement.



COUNCIL ADVISORY COMMITTEES

These committees advise Council about a range of community and social issues that may influence policy, service and program development..

Council Advisory Committee	Purpose of Committee
Audit Advisory Committee	An independent Advisory Committee which assists the Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation's ethical development.
Australia Day Advisory Committee	Assists in the coordination of Australia Day Celebrations throughout the municipality.
Benalla Airport Advisory Committee	Assists Council in the management and operation of the Benalla Airport.
Benalla Performing Arts and Convention Centre Advisory Committee	Commenced on 27 June 2017 following the disbanding of the BPACC Board of Management to oversee the direction and governance of BPACC.
Benalla Riverine Parklands Advisory Committee	Assists in the management, operation and development of the Benalla Riverine Parklands.
Benalla Festival Advisory Committee	Manages the Benalla Festival and makes recommendations to Council about Festival events and activities.
Benalla Sports and Equestrian Centre Advisory Committee	Guides and assist in the management and operation of the Benalla Equestrian Centre and associated racecourse reserve land.
CEO Performance Review Advisory Committee	Reviews the performance of the CEO.
Communications Advisory Committee	Oversees Council communications and corporate publications.

GOVERNANCE AND MANAGEMENT CHECKLIST

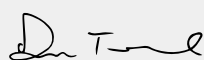
The following are the results in the prescribed form of the Council's assessment against the prescribed governance and management checklist.

Governance and Management Item	Assessment
1. Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	✓ Policy Date of current policy: 22 May 2019
2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	✓ Guidelines Date of current guidelines: 22 May 2019
3. Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	✓ Plan Date Plan adopted in accordance with section 126 of the Act: 26 June 2019
4. Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	✓ Budget Date Budget adopted in accordance with section 130 of the Act: 26 June 2019
5. Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	✓ Plans Date of operation of current plans: Buildings – 11 July 2012 Roads – 8 August 2012 Bridges – 8 August 2012 Footpaths and cycleways – 5 September 2007
6. Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	✓ Strategy Date of current strategy: 26 June 2019
7. Risk policy (policy outlining the Council's commitment and approach to minimising the risks to Council's operations)	✓ Policy Date of current policy: 1 May 2018
8. Fraud policy (policy outlining the Council's commitment and approach to minimising the risk of fraud)	✓ Policy Date of current policy: 10 October 2018

Governance and Management Item	Assessment
9. Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	✓ Plan Maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> : 29 June 2016
10. Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	× Policy Reviewed and approved in accordance with section 186A of the <i>Local Government Act</i> : 3 October 2018
11. Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	✓ Plan Date of current plan: 9 December 2016
12. Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	✓ Plan Date of current plan: 9 December 2016
13. Risk management framework (framework outlining the Council's approach to managing risks to the Council's operations)	✓ Framework Date of current framework: 30 June 2014
14. Audit Committee (advisory committee of the Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	✓ Established Date committee established in accordance with section 139 of the Act: 1 February 2005
15. Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	✓ Engaged Date of engagement of current provider: 15 March 2017
16. Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	✓ Framework Date of operation of current framework: 1 July 2014
17. Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	✓ Report Council Meeting: 14 November 2018 13 March 2019

Governance and Management Item	Assessment
18. Financial reporting (quarterly statements to the Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	<p>✓ Statements</p> <p>Date Statements presented to Council in accordance with section 138(1) of the Act:</p> <p>26 September 2018 7 November 2018 6 February 2019 15 May 2019</p>
19. Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	<p>✓ Report</p> <p>26 March 2019</p>
20. Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	<p>✓ Report</p> <p>14 November 2018 13 March 2019</p>
21. Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	<p>✓ Considered at a meeting of Council in accordance with section 134 of the Act</p> <p>Council Meeting: 14 November 2018</p>
22. Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	<p>✓ Reviewed in accordance with section 76C of the Act</p> <p>Date reviewed: 1 February 2017</p>
23. Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	<p>✓ Reviewed in accordance with section 98(6) of the Act</p> <p>Date of review: Council to CEO – 13 February 2019 CEO to Staff – 26 April 2019 Council to staff – 13 March 2019</p>
24. Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	<p>✓ Governance local law (incorporating meeting procedures) made in accordance with section 91(1) of the Act</p> <p>Date Local Law gazetted: 31 August 2016</p>

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



Dom Testoni
Chief Executive Officer
25 September 2019



Cr Peter Davis
Deputy Mayor
25 September 2019

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019



DESCRIPTION OF MUNICIPALITY

The Benalla Rural City Council (the council) is situated 193 kilometres north east of Melbourne. It includes the eight rural townships of Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Thoona, Tatong and Winton. Benalla is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. The central lake, botanical gardens and riverine parklands, walking paths, and an attractive and vibrant centre, are the key features. The main industries include, manufacturing, agriculture, retail and construction. The council covers an area of 235,059 hectares and has a population of 14,024.

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2019

Indicator / measure	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Population					
Expenses per head of municipal population <i>Total expenses / Municipal population</i>	\$2,015	\$2,210	\$2,138	\$2,239	
Infrastructure per head of municipal population <i>Value of infrastructure / Municipal population</i>	\$13,498	\$13,653	\$14,498	\$15,828	Increase attributed to the impact of asset revaluations in 2018/19.
Population density per length of road <i>Municipal population / Kilometres of local roads</i>	10	10	10	10	
Own-source revenue					
Own-source revenue per head of municipal population <i>Own-source revenue / Municipal population</i>	\$1,460	\$1,554	\$1,544	\$1,628	Increase attributed to higher level of contributions in 2018/19.
Recurrent grants					
Recurrent grants per head of municipal population <i>Recurrent grants / Municipal population</i>	\$445	\$724	\$533	\$508	
Disadvantage					
Relative socio-economic disadvantage <i>Index of Relative Socio-economic Disadvantage by decile</i>	2	2	2	2	

Definitions

"adjusted underlying revenue" means total income other than:

- non-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- contributions to fund capital expenditure from sources other than those referred to above. "infrastructure" means non-current property, plant and equipment excluding land.

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.

"population" means the resident population estimated by council.

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA.

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website.

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

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2019

Indicator / measure	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
AQUATIC FACILITIES					
Utilisation Utilisation of aquatic facilities <i>Number of visits to aquatic facilities / Municipal population</i>	7	7	7	7	
ANIMAL MANAGEMENT					
Health and safety Animal management prosecutions <i>Number of successful animal management prosecutions</i>	8	5	0	0	No animal management prosecutions for 2018/19.
FOOD SAFETY					
Health and safety Critical and major non-compliance notifications <i>Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises x100</i>	0%	0%	0%	0%	No critical and major non-compliance outcome notifications for 2018/19.
GOVERNANCE					
Satisfaction Satisfaction with council decisions <i>Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community</i>	44	51	51	56	
LIBRARIES					
Participation Active library members <i>Number of active library members / Municipal population x100</i>	19%	19%	18%	18%	
MATERNAL AND CHILD HEALTH					
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>	84%	80%	81%	80%	
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>	89%	88%	86%	89%	

Indicator / measure	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
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>	51	49	43	54	Additional sealed road works undertaken in 2018/19. Drier weather also helped keep sealed roads in better condition.
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>	100%	100%	67%	0%	No planning decisions upheld at VCAT.
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>	60%	62%	61%	61%	

Definitions

"Aboriginal child" means a child who is an Aboriginal person.

"Aboriginal person" has the same meaning as in the *Aboriginal Heritage Act 2006*.

"active library member" means a member of a library who has borrowed a book from the library.

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act.

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English.

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act.

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act.

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth.

"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.

"food premises" has the same meaning as in the *Food Act 1984*.

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth.

"HACC service" means home help, personal care or community respite provided under the HACC program.

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken.

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age.

"population" means the resident population estimated by council.

"target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth.

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2019

Indicator / measure	Results 2016	Results 2017	Results 2018	Results 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Material Variation
EFFICIENCY									
Revenue level Average residential rate per residential property assessment <i>Residential rate revenue / Number of residential property assessments</i>	\$1,577	\$1,644	\$1,700	\$1,821	\$1,890	\$1,963	\$2,017	\$2,073	Based on 2.5 per cent rate cap percentage increase and small growth factor on residential property numbers.
Expenditure level Expenses per property assessment <i>Total expenses / Number of property assessments</i>	\$3,418	\$3,722	\$3,731	\$3,924	\$3,881	\$4,034	\$4,094	\$4,183	Asset impairment costs have increased expenses by \$1.7 million.
Workforce turnover Resignations and terminations compared to average staff <i>Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year x100</i>	11%	16%	13%	10%	11%	11%	11%	11%	Higher than usual number of retirements in 2016 and 2017.
LIQUIDITY									
Working capital Current assets compared to current liabilities <i>Current assets / Current liabilities x100</i>	120%	157%	164%	215%	148%	176%	171%	194%	2018/19 grant funds received prior to actual project delivery has significantly improved cash holdings.
Unrestricted cash Unrestricted cash compared to current liabilities <i>Unrestricted cash / Current liabilities x100</i>	68%	106%	29%	51%	62%	90%	82%	100%	2018/19 grant funds received prior to actual project delivery has significantly improved cash holdings.

Indicator / measure	Results 2016	Results 2017	Results 2018	Results 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Material Variation
OBLIGATIONS									
Asset renewal Asset renewal compared to depreciation <i>Asset renewal expenses / Asset depreciation x100</i>	52%	57%	45%	32%	49%	41%	60%	44%	Capital expenditure allocated to new assets rather than the renewal of existing assets.
Loans and borrowings Loans and borrowings compared to rates <i>Interest bearing loans and borrowings / Rate revenue x100</i>	41%	35%	31%	27%	21%	21%	16%	16%	Council strategy is to continue to reduce borrowings.
Loans and borrowings repayments compared to rates <i>Interest and principal repayments on interest bearing loans and borrowings / Rate revenue x100</i>	10%	8%	7%	6%	6%	5%	6%	5%	
Indebtedness Non-current liabilities compared to own source revenue <i>Non-current liabilities / Own source revenue x100</i>	62%	57%	52%	54%	43%	42%	37%	37%	Council strategy is to continue to reduce borrowings.
OPERATING POSITION									
Adjusted underlying result Adjusted underlying surplus (or deficit) <i>Adjusted underlying surplus (deficit) / Adjusted underlying revenue x100</i>	-3%	5%	-0.29%	-0.19%	-10%	-6%	-5%	-5%	Significant non-recurring grants and contributions received in 2018/19.

Indicator / measure	Results 2016	Results 2017	Results 2018	Results 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Material Variation
STABILITY									
Rates concentration Rates compared to adjusted underlying revenue <i>Rate revenue / Adjusted underlying revenue x100</i>	59%	52%	56%	56%	65%	62%	63%	63%	Forecast increase due to impact of Commonwealth property no longer being rateable.
Rates effort Rates compared to property values <i>Rate revenue / Capital improved value of rateable properties in the municipality x100</i>	0.65%	0.64%	0.67%	0.66%	0.67%	0.68%	0.69%	0.69%	

Definitions

"adjusted underlying revenue" means total income other than:

- anon-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure.

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS.

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

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

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan.

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

"population" means the resident population estimated by council.

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges.

"recurrent grant" means a grant other than a non-recurrent grant.

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties.

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.

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

OTHER INFORMATION

For the year ended 30 June 2019

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 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. Unrestricted cash is not in accordance with the strategic resource plan, due to a different definition between Budget and Performance Statement Guidelines. There will be slight variations to the council's strategic resource plan forecast calculations due to rounding variances for revenue and expenditure levels and number of rate properties. The *Local Government (Planning and Reporting) Regulations 2014* 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 strategic resource plan on 26 June 2019 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General-Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



Catherine Fitzpatrick, CPA
Principal Accounting Officer
25 September 2019

In our opinion, the accompanying performance statement of the Benalla Rural City Council for the year ended 30 June 2019 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Peter Davis
Deputy Mayor
25 September 2019



Cr Barbara Alexander
Councillor
25 September 2019



Dom Testoni
Chief Executive Officer
25 September 2019

Independent Auditor's Report

To the Councillors of Benalla Rural City Council

Opinion	<p>I have audited the accompanying performance statement of Benalla Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Performance Statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors of the council are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance</p>


Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
30 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019



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Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Catherine Fitzpatrick, CPA
Principal Accounting Officer

Date : 25/09/19

Benalla

In our opinion the accompanying financial statements present fairly the financial transactions of Benalla Rural City Council for the year ended 30 June 2019 and the financial position of the Council as at that date.

As 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 2014* to certify the financial statements in their final form.



Deputy Mayor Peter Davis

Councillor

Date : 25/09/19

Benalla

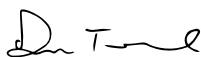


Councillor Barbara Alexander

Councillor

Date : 25/09/19

Benalla



Dom Testoni

Chief Executive Officer

Date : 25/09/19

Benalla

Independent Auditor's Report

To the Councillors of Benalla Rural City Council

Opinion	<p>I have audited the financial report of Benalla Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
30 September 2019



Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income			
Rates and charges	3.1	17,702	16,819
Statutory fees and fines	3.2	509	461
User fees	3.3	4,303	4,053
Grants - operating	3.4 (a)	7,021	6,526
Grants - capital	3.4 (b)	2,296	1,833
Contributions - monetary	3.5	767	298
Contributions - non monetary	3.5	20	24
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	82	-
Other income	3.7	233	221
Total income		32,933	30,235
Expenses			
Employee costs	4.1	11,735	11,652
Materials and services	4.2	12,544	12,141
Depreciation and amortisation	4.3	6,013	5,797
Bad and doubtful debts	4.4	12	3
Borrowing costs	4.5	182	198
Other expenses	4.6	910	61
Total expenses		31,396	29,852
Surplus for the year		1,537	383
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	5.2 (b), 6.1	14,998	27,028
Total comprehensive result		16,535	27,411

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

Balance Sheet
As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	6,324	3,733
Trade and other receivables	5.1 (c)	2,740	2,455
Other financial assets	5.1 (b)	5,245	4,275
Inventories	5.2 (a)	33	33
Other assets	5.2 (b)	97	82
Total current assets		14,439	10,578
Non-current assets			
Property, infrastructure, plant and equipment	6.1	258,605	244,660
Intangible assets	5.2 (c)	1,074	825
Total non-current assets		259,679	245,485
Total assets		274,118	256,063
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	2,422	2,171
Trust funds and deposits	5.3 (b)	734	829
Provisions	5.5	2,691	2,494
Interest-bearing liabilities	5.4	870	945
Total current liabilities		6,717	6,439
Non-current liabilities			
Provisions	5.5	8,479	6,866
Interest-bearing liabilities	5.4	3,910	4,281
Total non-current liabilities		12,389	11,147
Total liabilities		19,106	17,586
Net assets		255,012	238,477
Equity			
Accumulated surplus		140,577	139,093
Reserves	9.1	114,435	99,384
Total Equity		255,012	238,477

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

Statement of Changes in Equity
For the Year Ended 30 June 2019

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019					
Balance at beginning of the financial year		238,477	139,093	98,872	512
Surplus for the year		1,537	1,537	-	-
Net asset revaluation increment		14,998	-	14,998	-
Transfers to other reserves	9.1	-	15	-	(15)
Transfers from other reserves	9.1	-	(68)	-	68
Balance at end of the financial year		255,012	140,577	113,870	565
2018					
Balance at beginning of the financial year		211,066	138,795	71,844	427
Surplus for the year		383	383	-	-
Net asset revaluation increment		27,028	-	27,028	-
Transfers to other reserves	9.1	-	(85)	-	85
Balance at end of the financial year		238,477	139,093	98,872	512

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 2019

		2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		17,460	16,766
Statutory fees and fines		509	463
User fees		4,303	4,053
Grants - operating		7,021	6,526
Grants - capital		2,296	1,440
Contributions - monetary		767	298
Interest received		162	143
Net trust funds and deposits received		-	121
Other receipts		-	339
Net GST refund/payment		1,098	7
Employee costs		(11,526)	(11,772)
Materials and services		(12,320)	(12,121)
Other payments		(1,549)	(257)
Net cash provided by/(used in) operating activities	9.2	8,221	6,006
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(4,502)	(5,107)
Proceeds from sale of property, infrastructure, plant and equipment		470	-
Payments for investments		(970)	(2,303)
Net cash provided by/(used in) investing activities		(5,002)	(7,410)
Cash flows from financing activities			
Finance costs		(182)	(197)
Proceeds from borrowings		500	500
Repayment of borrowings		(946)	(971)
Net cash provided by/(used in) financing activities		(628)	(668)
Net increase (decrease) in cash and cash equivalents		2,591	(2,072)
Cash and cash equivalents at the beginning of the financial year		3,733	5,805
Cash and cash equivalents at the end of the financial year		6,324	3,733
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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 2019

	Note	2019 \$'000	2018 \$'000
Property			
Land		-	172
Total land		-	172
Building improvements		168	128
Total buildings		168	128
Total property	6.1	168	300
Plant and equipment			
Art, Heritage plant and equipment		20	-
Plant, machinery and equipment		501	412
Fixtures, fittings and furniture		8	14
Computers and telecommunications		48	201
Library books		108	96
Total plant and equipment	6.1	685	723
Infrastructure			
Roads		1,723	1,695
Bridges		-	255
Footpaths and cycleways		129	142
Drainage		26	241
Recreational, leisure and community facilities		-	92
Waste management		1,408	1,066
Parks, open space and streetscapes		-	39
Aerodromes		155	527
Other infrastructure		-	27
Work in Progress		208	-
Total infrastructure	6.1	3,649	4,084
Total capital works expenditure		4,502	5,107
Represented by:			
New asset expenditure		1,954	1,518
Asset renewal expenditure		1,922	2,484
Asset expansion expenditure		2	-
Asset upgrade expenditure		624	1,105
Total capital works expenditure		4,502	5,107

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

OVERVIEW

Introduction

The Benalla Rural City Council was established by an Order of the Governor in Council on 28 October 2002 and is a body corporate. The Council's main office is located at the Customer Service Centre, 1 Bridge Street East, Benalla.

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 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, 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.

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)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Notes to the Financial Report For the Year Ending 30 June 2019

Note 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 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
Income					
Rates and charges	17,509	17,702	193	1%	1
Statutory fees and fines	344	509	165	48%	2
User fees	3,902	4,303	401	10%	3
Grants - operating	3,959	7,021	3,062	77%	4
Grants - capital	721	2,296	1,575	219%	5
Contributions - monetary	153	767	614	401%	6
Contributions - non monetary	-	20	20	100%	7
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	405	82	(323)	-80%	8
Other income	132	233	101	77%	9
Total income	27,125	32,933	5,808	21%	
Expenses					
Employee costs	11,714	11,735	(21)	0%	
Materials and services	11,773	12,544	(771)	-7%	10
Depreciation and amortisation	5,076	6,013	(937)	-18%	11
Bad and doubtful debts	10	12	(2)	-20%	12
Borrowing costs	178	182	(4)	-2%	
Other expenses	385	910	(525)	-137%	13
Total expenses	29,135	31,396	(2,261)	-8%	
Surplus for the year	(2,009)	1,537	3,547	-177%	

Notes to the Financial Report **For the Year Ending 30 June 2019**

1.1 Income and expenditure (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Increases in rates and charges includes supplementary rates, revenue in lieu of rates and penalty interest on rates.
2	Statutory fees and fines	Planning Permit Fees exceeded budget by \$184,433, this is unlikely to be a continuing trend.
3	User fees	Drainage headworks charge \$103,893, BPACC income from Theatre and Cinema \$72,899 and Art Gallery Public Program and sales \$52,038 higher than budgeted.
4	Grants - operating	\$2.2 million in recurrent operational income (Financial Assistance Grants) received in June 2019 attributable to the 2019/20 financial year. Several grants received will be delivered in the following year including two Environmental Projects totalling \$165,000, Community Services grant programs additional funding totalling \$83,000 and Emergency Management Grant \$60,000.
5	Grants - capital	Shoulder Widening Winton Lurg Road Fixing Country Roads Grant \$508,000, Irwin Road Bus Route extension \$53,800. Additional Road funding in total \$440,000 for Winton Road and Lurg Road received in June 2019 will be delivered in 2019/20. Digitisation of the Benalla Art Gallery Collection \$80,000. Two community grant funded projects Raise the Roof \$225,000 and Arundel Street Sport Precinct upgrade \$200,000 to be constructed in 2019/20.
6	Contributions - monetary	Innovate NE Vic (Launch Vic) Project contributions (BRCC is managing grant funds for four LGAs) \$375,000, Benalla Art Gallery Rebranding Project \$90,000, Ovens and Murray Child and Family Services Alliance \$22,000.
7	Contributions - non monetary	Donation of art to the Benalla Art Gallery Collection.
8	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The Council sold 3 pieces of land at Enterprise Park and disposed of several infrastructure, plant and equipment items through auction.
9	Other Income	Increased Interest Income of \$55,000 not budgeted for as a result of significant increases in cash balances. Workcover and Long Service Leave Reimbursements accounted for an additional \$45,000 from budgeted amounts.
10	Materials and services	Delivery of additional grant funded projects not budgeted for: Innovate NE Vic (Launch Vic) Project \$267,257, Benalla Art Gallery rebranding Project \$70,627, Environmental Energy Saving Project \$24,600, additional sponsored Youth Programs \$18,500 such as Live4Life, Living Heritage Grant Project \$10,000. Budget exceeded on Insurance costs \$141,953, Council Facilities - repairs and maintenance \$67,395 Street Lighting \$34,595 and Recycle Operations \$19,824.
11	Depreciation and amortisation	Additional depreciation for items finalised in Capital Projects 2017/18 and as a result of revaluation on Infrastructure - Bridges \$414,653 Drainage \$203,735 and Roads \$127,527, higher depreciation and airspace amortisation for the Benalla Landfill Cell 1 \$256,311 as cell reached capacity and higher Library stock depreciation \$68,292.
12	Bad and doubtful debts	Aged outstanding debts continuing to be actioned by debt collection agency.
13	Other expenses	Provision for Landfill Rehabilitation increased by \$526,812 due to additional work required and finance costs.

Notes to the Financial Report For the Year Ending 30 June 2019

Note 1 Performance against budget (cont.)

1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Property					
Building improvements	170	168	(2)	-1%	
Total buildings	170	168	(2)	-1%	
Total property	170	168	(2)	-1%	
Plant and equipment					
Art, Heritage plant and equipment	-	20	20	100%	1
Plant, machinery and equipment	410	501	91	22%	2
Fixtures, fittings and furniture	6	8	2	33%	3
Computers and telecommunications	293	48	(245)	-84%	4
Library books	96	108	12	13%	5
Total plant and equipment	805	685	(120)	-15%	
Infrastructure					
Roads	1,293	1,723	430	33%	6
Bridges	420	-	(420)	-100%	7
Footpaths and cycleways	215	129	(86)	-40%	8
Drainage	25	26	1	4%	
Waste management	1,260	1,408	148	12%	9
Parks, open space and streetscapes	50	-	(50)	-100%	10
Aerodromes	196	155	(41)	-21%	11
Work in Progress	-	208	208	100%	12
Total infrastructure	3,459	3,649	(18)	-1%	
Total capital works expenditure	4,434	4,502	(140)	-3%	
Represented by:					
New asset expenditure	699	1,954	1,255	180%	
Asset renewal expenditure	3,044	1,922	(1,122)	-37%	
Asset expansion expenditure	-	2	2	100%	
Asset upgrade expenditure	691	624	(67)	-10%	
Total capital works expenditure	4,434	4,502	68	2%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Art, Heritage plant and equipment	Donation of funds for addition of art to the Benalla Art Gallery Collection.
2	Plant, machinery and equipment	Additional landfill lids purchased for the daily cover of landfill.
3	Fixtures, fittings and furniture	Additional people counter required at Art Gallery.
4	Computers and telecommunications	Asset Management system implementation will be finalised in 2019/20.
5	Library books	Additional book stock purchases partly grant funded.
6	Roads	Additional Shoulder Widening Winton Lurg Road \$508,000 Fixing Country Roads Grant funded.
7	Bridges	No bridge works undertaken.
8	Footpaths and cycleways	Pathways to Future Strategy rolling program undertaken in 2019 further works to occur in 2020.
9	Waste management	Construction of new cell at landfill finalised.
10	Parks, open space and streetscapes	Aquatic Centre - Remove Family Pool and Re-instate Public Open Area to occur in 2019/20.
11	Aerodromes	Benalla Airport Redevelopment construction of amenities building to be finalised in October 2019.
12	Work in Progress	Works to be completed in 2019/20.

Notes to the Financial Report

For the Year Ending 30 June 2019

Note 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Chief Executive Officer Division

Corporate Division

2.1 (a) Chief Executive Officer Division

The Chief Executive division oversees the running of the entire organisation, including the Corporate Division, Economic Development and Environment and Sustainability.

Corporate Division

The Corporate Division coordinates a wide range of services for the community through it's various programs: Arts, Communication, Tourism and Events, Capital Projects, Community, Development, Facilities, Finance, Operations, People and Performance.

2.1 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
Chief Executive Officer Division	642	1,305	(663)	248	-
Corporate Division	32,291	30,091	2,200	9,069	274,118
	32,933	31,396	1,537	9,317	274,118
2018					
Chief Executive Officer Division	76	1,009	(933)	45	-
Corporate Division	30,159	28,843	1,316	8,314	256,063
	30,235	29,852	383	8,359	256,063

Note 3 Funding for the delivery of our services	2019	2018
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its land plus all improvements on that land.

The valuation base used to calculate general rates for 2018/19 was \$2.640 million (2017/18 \$2.4792 million).

General rates	12,366	12,019
Municipal charge	1,833	1,771
Waste management charge	2,954	2,446
Supplementary rates and rate adjustments	147	100
Interest on rates and charges	87	79
Revenue in lieu of rates	315	404
Total rates and charges	17,702	16,819

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation was first applied in the rating year commencing 1 July 2018.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Infringements and costs	26	27
Court recoveries	5	15
Land information certificates	36	36
Permits	442	383
Total statutory fees and fines	509	461

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

3.3 User fees

Aged and health services	400	407
Leisure centre and recreation	1,455	1,230
Child care/children's programs	-	2
Registration and other permits	227	222
Building services	-	2
Waste management services	2,063	2,060
Operations	116	130
Other fees and charges	42	-
Total user fees	4,303	4,053

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

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	2019	2018
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	6,160	6,552
State funded grants	3,157	1,807
Total grants received	9,317	8,359
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	4,336	4,092
General home care	894	857
Recurrent - State Government		
Aged care	136	193
School crossing supervisors	72	59
Libraries	146	136
Maternal and child health	219	175
Creative Arts Victoria	105	105
Family Support	425	338
Fire Service Property Levy	43	42
Youth Program	25	25
Other	-	23
Total recurrent operating grants	6,401	6,045
Non-recurrent - Commonwealth Government		
Paid Parental Leave	26	-
Environmental planning	165	-
Stronger Communities Program	18	-
Non-recurrent - State Government		
Walk to School Project	15	10
Youth Programs	47	57
Environmental Projects	74	51
Economic Development Projects	25	12
Emergency Resourcing	60	-
Resilient Communities	45	44
Family Services	3	158
Planning Projects - Living Heritage	52	18
ANZAC Centenary Community Grant Program - Devenish Silo Art	-	12
Paid Parental Leave	-	38
Building our Regions - Street Lighting	-	33
Collection Lab Project	-	20
Pathways to the Future	-	13
Premiers Reading Challenge	7	9
Maternal Child Health	83	-
Other	-	6
Total non-recurrent operating grants	620	481
Total operating grants	7,021	6,526

3.4 Funding from other levels of government (cont.)

	2019 \$'000	2018 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	721	1,389
Total recurrent capital grants	721	1,389
Non-recurrent - Commonwealth Government		
Aerodrome - Benalla Airport	-	214
Non-recurrent - State Government		
National Disaster Recovery	-	222
National Livestock Identification Program	3	8
Robert Salzar Foundation Acquisition Fund - Public Galleries of Victoria	20	-
Dept. of Health & Human Services - Raise the Roof Covered Riding Arena	225	-
Sustainability Victoria - Building Energy Upgrades	25	-
Sustainability Victoria - Transfer Station	20	-
Dept. of Health & Human Services - Arundel Street Sport Precinct Upgrade	200	-
Creative Victoria - Digitisation of the Benalla Art Gallery Collection	80	-
Regional Roads Victoria - VicRoads - Fixing Country Roads Program	948	-
Dept of Economic Development Jobs, Transport and Resources - Irwin Road Asphalt Turning Circle	54	-
Total non-recurrent capital grants	1,575	444
Total capital grants	2,296	1,833
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	233	220
Received during the financial year and remained unspent at balance date	1,420	233
Received in prior years and spent during the financial year	(105)	(220)
Balance at year end	1,548	233

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

3.5 Contributions

Monetary	767	298
Non-monetary	20	24
Total contributions	787	322
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Other - Art	20	24
Total non-monetary contributions	20	24

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

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

Proceeds of sale	470	-
Written down value of assets disposed	388	-
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	82	-

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

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	2019 \$'000	2018 \$'000
3.7 Other income		
Interest	162	143
Other	71	78
Total other income	233	221

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.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	10,532	10,484
WorkCover	197	157
Superannuation	981	940
Fringe benefits tax	25	71
Total employee costs	11,735	11,652

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	80	122
	80	122
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	475	451
Employer contributions - other funds	425	367
	900	818
Employer contributions payable at reporting date.	69	99

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

4.2 Materials and services

Materials and Services	1,618	2,609
Contract Payments	5,156	3,906
Vehicle Expenses	724	724
Machine Hire	325	367
Contract Staff	90	94
Consultants General	303	245
Environmental Protection Authority Levy	425	502
Electricity and Utilities	538	521
Exhibition/Performance Costs	175	55
Insurance	485	382
Memberships and Subscriptions	120	134
Repairs and Maintenance	323	284
Advertising and Promotion	116	156
Cleaning Expenses	165	165
Legal Expenses	105	135
Staff and Councillor Training / Courses	114	98
Telephone	196	192
Management Committees	134	134
Write off Work Property Infrastructure Plant and Equipment	-	131
Other	1,432	1,307
Total materials and services	12,544	12,141

	2019	2018
	\$'000	\$'000
4.3 Depreciation and amortisation		
Property	423	489
Plant and equipment	481	431
Infrastructure	4,580	4,570
Total depreciation	5,484	5,490
Intangible assets	529	307
Total depreciation and amortisation	6,013	5,797

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

	2019	2018
	\$'000	\$'000
4.4 Bad and doubtful debts		
Other debtors	12	3
Total bad and doubtful debts	12	3

Movement in provisions for doubtful debts

Balance at the beginning of the year	24	27
New provisions recognised during the year	34	-
Amounts already provided for and written off as uncollectible	(19)	(3)
Amounts provided for but recovered during the year	(5)	-
Balance at end of year	34	24

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.5 Borrowing costs

Interest - Borrowings	182	198
Total borrowing costs	182	198

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.

4.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	72	66
Auditors' remuneration - Internal	16	8
Councillors' allowances	190	193
Contributions - Community Support and Events Street Art	90	88
Contributions - Street Art	15	15
Contributions - High Country Library Corporation	-	11
Recognition of additional / (reduction) landfill rehabilitation provision	527	(320)
Total other expenses	910	61

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Note 5 Our financial position	2019	2018
5.1 Financial assets (cont.)	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	4	4
Cash at bank	5,293	3,729
Term deposits	1,027	-
Total cash and cash equivalents	6,324	3,733
 (b) Other financial assets		
Term deposits - current	5,245	4,275
Total other financial assets	5,245	4,275
Total financial assets	11,569	8,008

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	734	829
Total restricted funds	734	829
Total unrestricted cash and cash equivalents	5,590	2,904

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- cash held to fund carried forward capital works	615	939
- Unexpended Grants	1,548	233
Total funds subject to intended allocations	2,163	1,172

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days 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.

Notes to the Financial Report For the Year Ending 30 June 2019

5.1 Financial assets (cont.)

	2019 \$'000	2018 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Grants receivable	-	256
GST - BAS Refunds	116	99
Other debtors	57	22
Rates debtors	1,242	1,000
<i>Non statutory receivables</i>		
Other debtors	1,359	1,102
Provision for doubtful debts - other debtors	(34)	(24)
Total trade and other receivables	2,740	2,455

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	1,217	401
Past due by up to 30 days	53	52
Past due between 31 and 180 days	41	458
Past due between 181 and 365 days	24	31
Past due by more than 1 year	24	136
Total trade and other receivables	1,359	1,078

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$34,000 (2018: \$24,000) were impaired. The amount of the provision raised against these debtors was \$34,000 (2018: \$24,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	(34)	(24)
Total trade & other receivables	(34)	(24)

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5.2 Non-financial assets	2019	2018
(a) Inventories	\$'000	\$'000
Inventories held for distribution	33	33
Total inventories	33	33

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	97	82
Total other assets	97	82

(c) Intangible assets

Software	-	4
Landfill air space	1,074	821
Total intangible assets	1,074	825

	Software \$'000	Landfill \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2018	35	1,407	1,442
Additions from internal developments	-	1,074	1,074
Revaluation		(296)	(296)
Balance at 1 July 2019	35	2,185	2,220
Accumulated amortisation and impairment			
Balance at 1 July 2018	31	586	617
Amortisation expense	4	525	529
Balance at 1 July 2019	35	1,111	1,146
Net book value at 30 June 2018	4	821	825
Net book value at 30 June 2019	-	1,074	1,074

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	2019	2018
(a) Trade and other payables	\$'000	\$'000
Trade payables	2,137	1,972
Accrued expenses	285	199
Total trade and other payables	2,422	2,171

(b) Trust funds and deposits

Refundable deposits	228	298
Retention amounts	56	84
Other refundable deposits	450	447
Total trust funds and deposits	734	829

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

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

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	2019	2018
	\$'000	\$'000
Current		
Borrowings - secured	870	945
	870	945
Non-current		
Borrowings - secured	3,910	4,281
Total	4,780	5,226

Borrowings are secured by a charge over general rates.

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

Not later than one year	870	945
Later than one year and not later than five years	3,074	3,282
Later than five years	836	999
	4,780	5,226

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

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

5.5 Provisions

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
2019			
Balance at beginning of the financial year	2,759	6,601	9,360
Additional provisions	939	1,418	2,357
Amounts used	(878)	-	(878)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	148	183	331
Balance at the end of the financial year	2,968	8,202	11,170
2018			
Balance at beginning of the financial year	2,880	6,921	9,801
Additional provisions	887	(553)	334
Amounts used	(1,007)	-	(1,007)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(1)	233	232
Balance at the end of the financial year	2,759	6,601	9,360
	2019	2018	
	\$'000	\$'000	
(a) Employee provisions			
Current provisions expected to be wholly settled within 12			
Annual leave	907	875	
Long service leave	124	206	
	1,031	1,081	
Current provisions expected to be wholly settled after 12 months			
Long service leave	1,660	1,413	
	1,660	1,413	
Total current employee provisions	2,691	2,494	
Non-current			
Long service leave	277	265	
Total non-current employee provisions	277	265	
Aggregate carrying amount of employee provisions:			
Current	2,691	2,494	
Non-current	277	265	
Total aggregate carrying amount of employee provisions	2,968	2,759	

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5.5 (a) Employee provisions (cont.)

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. 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.

Key assumptions:

- discount rate	1.25%	2.47%
- inflation rate	2.0%	3.14%

	2019 \$'000	2018 \$'000
(b) Landfill restoration		
Non-current	8,202	6,601
	8,202	6,601

The Council is obligated to restore Benalla Landfill and Resource Recovery Centre landfill site located at Old Farnley Road, Benalla to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

Inflation rate	1.20%	2.20%
settlement rate	30 years	30 years
Weighted average discount rate	1.25%	2.53%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2019.

Credit card facilities	100	100
Fixed Rate Loan Facilities	4,780	5,226
Total facilities	4,880	5,326
Used facilities	4,807	5,246
Unused facilities	73	80

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.

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2019	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recyclables acceptance and sorting contract	224	224	449	224	1,122
Kerbside waste, recyclables	1,650	1,650	3,300	1,650	8,250
Organics	209	209	209	-	627
Provision of engineering consultancy services - Panel	77	-	-	-	77
Cleaning contracts for council buildings	46	-	-	-	46
Benalla Aquatic Centre Management	653	-	-	-	653
Meals for delivery	40	-	-	-	40
Total	2,900	2,083	3,958	1,874	10,815
Capital					
Buildings	86	-	-	-	86
Roads	56	-	-	-	56
Total	142	-	-	-	142

5.7 Commitments (cont.)

2018	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recyclables acceptance and sorting contract	26	26	79	26	157
Kerbside waste, recyclables	1,500	1,500	4,500	1,500	9,000
Organics	170	170	340	-	680
Provision of engineering consultancy services - Panel	18	-	-	-	18
Cleaning contracts for council buildings	120	-	-	-	120
Benalla Aquatic Centre Management	107	-	-	-	107
Meals for delivery	25	-	-	-	25
Total	1,966	1,696	4,919	1,526	10,107
Capital					
Waste Management	83	-	-	-	83
Total	83	-	-	-	83

	2019	2018
	\$'000	\$'000
Operating lease commitments		

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	332	571
Later than one year and not later than five years	139	410
Later than five years	-	-
	471	981

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

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6.1 Property, infrastructure, plant and equipment

6.1 a Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Property	57,908	168	-	2,217	(423)	(49)	-	59,821
Plant and equipment	15,608	685	20	12,015	(481)	(13)	-	27,834
Infrastructure	170,072	3,440	-	1,062	(4,580)	(325)	1,067	170,736
Work in progress	1,072	208	-	-	-	-	(1,067)	213
	244,660	4,502	20	15,294	(5,484)	(387)	-	258,605

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
Infrastructure	1,072	208	-	(1,067)	213
Total	1,072	208	-	(1,067)	213

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6.1 Property, infrastructure, plant and equipment (cont.)

(a) Property

	Land - specialised	Land - non specialised	Land under Roads	Total Land & Land Improvement	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	18,352	9,987	7,379	35,718	-	38,196	1,215	39,411	-	75,129
Accumulated depreciation at 1 July 2018	-	-	-	-	-	(16,554)	(667)	(17,221)	-	(17,221)
	18,352	9,987	7,379	35,718	-	21,642	548	22,190	-	57,908
Movements in fair value										
Additions	-	-	-	-	-	166	2	168	-	168
Revaluation	1,247	179	617	2,043	-	(782)	3,384	2,602	-	4,645
Disposal	-	(49)	-	(49)	-	-	-	-	-	(49)
Transfers	(5)	5	-	-	-	(33)	33	-	-	-
	1,242	135	617	1,994	-	(649)	3,419	2,770	-	4,764
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	-	-	-	(409)	(14)	(423)	-	(423)
Revaluation	-	-	-	-	-	(131)	(2,297)	(2,428)	-	(2,428)
	-	-	-	-	-	(540)	(2,311)	(2,851)	-	(2,851)
At fair value 30 June 2019	19,594	10,122	7,996	37,712	-	37,547	4,634	42,181	-	79,893
Accumulated depreciation at 30 June 2019	-	-	-	-	-	(17,094)	(2,978)	(20,072)	-	(20,072)
	19,594	10,122	7,996	37,712	-	20,453	1,656	22,109	-	59,821

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6.1 Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment

	Art Works	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	13,350	3,273	2,102	506	832	-	20,063
Accumulated depreciation at 1 July 2018	-	(2,031)	(1,706)	(178)	(540)	-	(4,455)
	13,350	1,242	396	328	292	-	15,608
Movements in fair value							
Additions	20	502	8	48	108	-	685
Contributions	20	-	-	-	-	-	20
Revaluation	11,938	-	-	-	152	-	12,090
Disposal	-	(498)	(19)	-	(199)	-	(716)
	11,978	4	(11)	48	61	-	12,079
Movements in accumulated depreciation							
Depreciation and amortisation	-	(140)	(106)	(152)	(83)	-	(481)
Accumulated depreciation of disposals	-	488	17	-	198	-	703
Revaluation	-	-	-	-	(75)	-	(75)
	-	348	(89)	(152)	40	-	147
At fair value 30 June 2019	25,328	3,277	2,091	554	893	-	32,142
Accumulated depreciation at 30 June 2019	-	(1,683)	(1,795)	(330)	(500)	-	(4,308)
	25,328	1,594	296	224	393	-	27,834

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6.1 Property, infrastructure, plant and equipment (cont.)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	202,020	40,146	7,606	20,373	331	3,184	681	1,595	38	51	1,072	277,097
Accumulated depreciation at 1 July 2018	(72,105)	(21,412)	(3,902)	(6,227)	(22)	(2,099)	(51)	(106)	(3)	(26)	-	(105,953)
	129,915	18,734	3,704	14,146	309	1,085	630	1,489	35	25	1,072	171,144
Movements in fair value												
Additions	1,723	-	129	26	-	1,408	-	155	-	-	208	3,648
Revaluation	1,602	856	-	-	-	-	190	1,135	-	-	-	3,783
Disposal	-	-	(95)	(15)	(139)	-	-	-	-	-	-	(249)
Transfers	-	-	-	-	-	1,067	-	-	-	-	(1,067)	-
	3,325	856	34	11	139	2,475	190	1,290	-	-	(859)	7,182
Movements in accumulated depreciation												
Depreciation and amortisation	(2,943)	(424)	(125)	(204)	(7)	(735)	(54)	(84)	(2)	(2)	-	(4,580)
Revaluation	(1,454)	(427)	49	-	-	-	45	(934)	-	-	-	(2,721)
Disposal	-	-	33	(4)	(105)	-	-	-	-	-	-	(76)
	(4,397)	(851)	(43)	(208)	(112)	(735)	(9)	(1,018)	(2)	(2)	-	(7,377)
At fair value 30 June 2019	205,345	41,002	7,640	20,384	192	5,659	871	2,885	38	51	213	284,279
Accumulated depreciation at 30 June 2019	(76,502)	(22,263)	(3,945)	(6,435)	(134)	(2,834)	(60)	(1,124)	(5)	(28)	-	(113,330)
	128,843	18,739	3,695	13,949	58	2,825	811	1,761	33	23	213	170,949

6.1 Property, infrastructure, plant and equipment (cont.)

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>		
Land & land improvements		
land		-
land improvements	60 - 100 years	5
Buildings		
buildings	60 - 100 years	5
building and leasehold improvements	60 - 100 years	5
Plant and Equipment		
heritage plant and equipment	4 - 33 years	-
plant, machinery and equipment	4 - 33 years	5
Infrastructure		
roads - pavements, substructure, formation and earthworks	15 - 200 years	5
roads - kerb, channel and minor culverts and other	80 - 100 years	5
bridges - deck and substructure	80 - 100 years	5
bridges - others	80 - 100 years	5
aerodromes	80 - 100 years	5
others	80 - 100 years	5
Intangible assets	1 - 10 years	5

Land under roads

Council recognises land under roads it controls at 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 and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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 a qualified independent valuer Marcus L W Hann, AAPI, Certified Practising Valuer, of LG Valuation Services. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

6.1 Property, infrastructure, plant and equipment (cont.)

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Non specialised land	-	10,122	-	Jun-19
Specialised land	-	-	19,594	Jun-19
Land under roads	-	-	7,996	Jun-19
Buildings specialised	-	-	20,453	Jun-19
Non specialised Buildings	-	1,656	-	Jun-19
Total	-	11,778	48,043	

Valuation of infrastructure

Valuation of infrastructure assets has been determined by the Council's Asset Management Officer.

The valuation is at fair value based on 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 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	128,843	Jun-19
Bridges	-	-	18,739	Jun-19
Footpaths and cycleways	-	-	3,695	Jun-18
Drainage	-	-	13,949	Jun-18
Recreational, leisure and community facilities	-	-	58	Jun-19
Waste management	-	-	2,825	Jun-19
Parks, open space and streetscapes	-	-	811	Jun-19
Aerodromes	-	-	1,761	Jun-19
Off street car parks	-	-	33	Jun-19
Other infrastructure	-	-	236	Jun-19
Total	-	-	170,949	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1,990 and \$23,927 per hectare.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$2,400 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 60 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 depreciated 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 1 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 infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019 \$'000	2018 \$'000
Reconciliation of specialised land		
Land under roads	7,996	7,379
Parks and reserves	19,594	18,352
Total specialised land	27,590	25,731

		2019	2018
		No.	No.
Note 7 People and relationships			
7.1 Council and key management remuneration			
(a) Related Parties			
<i>Parent entity</i>			
Benalla Rural City Council is the parent entity.			
(b) Key Management Personnel			
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:			
Councillors	Councillor Scott Upston (Mayor) (Oct 2016 - 30 June 2019))	1	1
	Councillor Barbara Alexander AO (July 2016 - 30 June 2019)	1	1
	Councillor Danny Claridge (Oct 2016 - 30 June 2019)	1	1
	Councillor Peter Davis (July 2016 - 30 June 2019)	1	1
	Councillor Don Firth (Oct 2016 - 30 June 2019)	1	1
	Councillor Bernie Hearn (Oct 2016 - 30 June 2019)	1	1
	Councillor Willie van Wersch (Oct 2016 - 30 June 2019)	1	1
Total Number of Councillors		7	7
Total of Chief Executive Officer and other Key Management Personnel- General Manager/s		3	3
Chief Executive Officer:			
Tony McIlroy (July 2018 - December 2018)			
Dom Testoni (January 2019 - 30 June 2019)			
General Managers:			
Robert Barber			
Total Number of Key Management Personnel		10	10
(c) Remuneration of Key Management Personnel			
		\$'000	\$'000
Total remuneration of key management personnel was as follows:			
	Short-term benefits	590	713
	Post - employment benefits	35	19
	Long-term benefits	6	-
	Termination benefits	-	128
	Total	631	860
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:			
		No.	No.
	\$10,000 - \$19,999	-	6
	\$20,000 - \$29,999	6	-
	\$50,000 - \$59,999	1	1
	\$80,000 - \$89,999	1	-
	\$170,000 - \$179,999	-	1
	\$190,000 - \$199,1000	2	-
	\$220,000 - \$229,999	-	1
	\$260,000 - \$269, 000	-	1
		10	10
(d) Senior Officer Remuneration			
A Senior Officer is an officer of Council, other than Key Management Personnel, who:			
a) has management responsibilities and reports directly to the Chief Executive; or			
b) whose total annual remuneration exceeds \$148,000			
The number of Senior Officers are shown below in their relevant income bands:			
		2019	2018
		No.	No.
	Income Range:		
	< \$148,000	-	1
	\$148,001 - \$158,999	2	1
		2	2
		\$'000	\$'000
	Total Remuneration for the reporting year for Senior Officers included above, amounted to	299	262

7.2 Related party disclosure

(a) Transactions with related parties

There were no related party transactions exceeding \$5,000 - any related party transaction below \$5,000 are at arm's length and on normal commercial terms.

(b) Outstanding balances with related parties

There are nil balances outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

There are no loans to / from related parties.

(d) Commitments to/from related parties

There are no commitments to / from related parties.

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent assets

Council has no contingent assets as at 30 June 2019 (2018: Nil)

(b) Contingent liabilities

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.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 are \$80,000.

Bank Guarantees

Council operates a landfill at Lot 27B Old Farnley Road, Benalla. Council will have to carry out site rehabilitation works in the future and has been requested by the Environment Protection Authority to provide a \$400,000 Bank Guarantee as financial assurance in respect of this operation. At balance date Council has recognised a landfill rehabilitation provision to reflect the financial implications of such assurances.

Council has two Landfill Acceptance and Disposal contracts for the receipt of municipal waste which require Council to provide a total of \$164,960 Bank Guarantee as security in respect of these contracts. Each Landfill Acceptance and Disposal contract covers 9 years duration ending 30 June 2024.

Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

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.

There are no contingent asset and liabilities.

Insurance claims

Council is not aware of any major insurance claims that could have a material impact on future operations.

Legal matters

Council is not aware of any major legal matters that could have a material impact on future operations.

Liability Mutual Insurance (where applicable)

Council is (was) a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

(c) Guarantees for loans to other entities

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income. At 30 June 2019 there are unspent grants totalling \$1.548 million involving 4 capital projects totalling \$0.643 million and 28 operational projects totalling \$0.905 million. At 30 June 2019 contributions totalling \$185,035 which remain unspent. Future timing of the recognition of grants and contributions will address any issues in relation to unspent revenue. At 30 June 2019 the expected impact of recognition of Volunteer Services is \$0.511 million.

Council has elected to adopt the modified retrospective approach for transition where AASB 15 will only apply to contracts that are not complete on transition date.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$680,000 in lease related assets and an equivalent liability.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard is expected to apply to certain transactions currently accounted for under AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

Council has elected to adopt the modified retrospective approach for transition where AASB 1058 will only apply to contracts that are not complete as at the date of transition. At 30 June 2019 there are unspent grants totalling \$1.548 million involving 4 capital projects totalling \$0.643 million and 28 operational projects totalling \$0.905 million.

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.

8.3 (a) Financial instruments (cont.)

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

Council may also be subject to credit risk for transaction 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).

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.

8.3 Financial instruments (cont.)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and 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 1.0%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as 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. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. 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.

8.4 Fair value measurement (cont.)

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 on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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.

Note 9 Other matters

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2019			
Property			
Land and land improvements	20,238	1,426	21,664
Land under Roads	-	617	617
Buildings	5,710	174	5,884
	25,948	2,217	28,165
Infrastructure			
Roads	60,553	148	60,701
Bridges	5,065	429	5,494
Footpaths and cycleways	786	49	835
Drainage	1,069	-	1,069
Waste management	1,102	(296)	806
Parks open spaces and streetscapes	-	235	235
Aerodromes	-	201	201
Art works	4,349	11,938	16,287
Library Stock	-	77	77
	72,924	12,781	85,705
Total asset revaluation reserves	98,872	14,998	113,870

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Note 9 Other matters (cont.)

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2018			
Property			
Land and land improvements	20,238	-	20,238
Buildings	5,710	-	5,710
	25,948	-	25,948
Infrastructure			
Roads	33,173	27,380	60,553
Bridges	5,065	-	5,065
Footpaths and cycleways	-	786	786
Drainage	2,207	(1,138)	1,069
Waste management	1,102	-	1,102
Art works	4,349	-	4,349
	45,896	27,028	72,924
Total asset revaluation reserves	71,844	27,028	98,872

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

	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				
2019				
Resort and Recreation	75	-	(15)	60
Winton Land	10	-	-	10
Benalla Urban Grown Headworks Charge	78	-	-	78
Lake Mokoan inlet Channel	349	68	-	417
Total Other reserves	512	68	(15)	565
2018				
Resort and Recreation	60	15	-	75
Winton Land	10	-	-	10
Benalla Urban Grown Headworks Charge	78	-	-	78
Lake Mokoan inlet Channel	279	70	-	349
Total Other reserves	427	85	-	512

Reserve Nature and Purpose

Resort and Recreation Contributions made by developers for recreation purposes (minimum of 5% for any new developments for open space reserves).

Winton Land Originated from the former Shire of Benalla for a community project within the Winton township.

Benalla Urban Growth Headworks Charge Contributions made by developers for connection to the Benalla Urban Growth drainage system.

Lake Mokoan Inlet Channel A reserve of \$69,500 is to be made annually over the next 4 years to re-instate the compensation of \$695,000 received from Goulburn Murray Water in relation to the transfer of assets of the decommissioned Lake Mokoan Inlet Channel. The funding received under the terms of the agreement was to compensate the Council for the ongoing renewal of these assets and was not restricted.

	2019 \$'000	2018 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus		
Surplus for the year	1,537	383
Depreciation/amortisation	6,013	5,797
Contributions - Non-monetary assets	(20)	(25)
Borrowing Cost	182	198
Asset write-off	-	132
Distribution by High Country Library Corporation	-	25
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(285)	(208)
(Increase)/decrease in prepayments	(15)	19
Increase/(decrease) in trade and other payables	251	9
Increase/(decrease) in other payments	(382)	-
(Decrease)/increase in other liabilities	-	121
(Increase)/decrease in inventories	-	(5)
(Increase)/decrease in trust funds and deposits	(95)	-
Increase/(decrease) in provisions	1,035	(440)
Net cash provided by/(used in) operating activities	8,221	6,006

9.3 Superannuation

Benalla Rural City Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, 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 2019, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

Defined Benefit

Benalla Rural City 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 Benalla Rural City 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 AASB119.

9.3 Superannuation (cont.)

Funding arrangements

Benalla Rural City 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

As at 30 June 2018, 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 [Employer name] is a contributing employer was 106.0%. The financial assumptions used to calculate the VBIs were:

Net investment returns 6.0% pa

Salary information 3.5% pa

Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at June 2019 was 107.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim 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

Regular contributions

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, Benalla Rural City 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 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increases in the SG contribution rate.

In addition, Benalla Rural City Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

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 Benalla Rural City Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

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

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

9.3 Superannuation (cont.)

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 2018 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Benalla Rural City Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

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

	2018	2017
	\$m	\$m
A VBI Surplus	\$131.90	\$69.80
A total service liability surplus	\$218.30	\$193.50
A discounted accrued benefits surplus	\$249.10	\$228.80

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 2018.

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 2018.

The discounted accrued benefit 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 2018.

Benalla Rural City Council was notified of the 30 June 2018 VBI during August 2018 (2017: August 2017).

The 2019 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2019 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2019.



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