

ANNUAL REPORT

2019/20





OUR VISION

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

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INTRODUCTION



CHIEF EXECUTIVE OFFICER OVERVIEW



A Council's principal function is to plan and deliver services reflective of community needs. To achieve this we take guidance from the adopted Council Plan which is a key strategic document and reviewed annually to ensure it continues to reflect the priorities of the community. We constantly measure progress and

report against the key objectives of the Plan. The Annual Report is one of the key documents we publish that outlines our progress against the Council Plan according to a legislated process.

I once read that nothing is predictable, nothing is constant, everything is forever evolving and changing. Well, 2020 has certainly thrust upon us challenges we have never experienced before. Setting aside the pandemic that has had an impact across the globe, Benalla Rural City has continued to gather momentum. Now more than ever, we need to be the masters of our own destiny and seize upon the positivity that is present in our community, all the while being cognisant of the impacts of the global pandemic.

The business of Council has seen approximately 55,000 customer interactions with our Customer Service Team. Over the past 12 months planning and building approvals remained very strong with a combined 518 permits being issued with a total value of about \$230m. Our Operations Department completed 1,305 customer requests, graded 425km of unsealed roads and a further 88km of unsealed road shoulders. They responded to 228 after-hours callouts and completed 1,022 Dial-Before-You-Dig enquiries. With Aged and Disability Services we delivered 23,664 direct client contact hours, 10,588 meals and we serviced 728 clients.

We completed the Benalla Future Workforce Plan that will inform future planning for jobs growth, skills required, training and education opportunities and has links into transport planning. It will be a key advocacy document for forecast growth.

We delivered the new splash park on the Lake Benalla Foreshore and upgraded the Benalla Art Gallery roof, windows and storage area. As part of continuing to lower the carbon emissions from our operations, a 60kw solar power system was installed on the Sir 'Weary' Dunlop Learning Centre that is producing an average of 81kwh per day. We delivered road renewal and upgrade work to the value of \$3.195m and continued with the expansion

of our footpath network with a further \$91,000 worth of projects. Planning was undertaken for major projects to be completed in the next financial year, including the transfer station and e-waste shed at the Landfill, the Arundel Street Sporting Precinct Project and the planned expansion of the Visitor Information Centre and Museum.

To keep our community connected we use a variety of platforms to communicate our messages. Our Council corporate website has had more than 250,000 visits and we have more than 2,400 Facebook followers on our corporate page – one of nine Facebook pages of the Council. In addition to this we have continued our monthly newsletter mail out direct to residents and continue to support local media outlets. During the lockdown departments such as the Benalla Art Gallery innovated and increased their digital presence with Facebook attracting 3,888 engagements, Instagram 3,775 engagements and a free virtual tour of the SOFLES exhibition attracting 2,600 unique views.

As an organisation Benalla Rural City Council's overall performance is rated higher than the average rating for councils in the Small Rural Group and we continue to outperform in the areas of lobbying and community decision making. Having said this, we still have room to improve with our road network.

The year-end financial result to 30 June 2020 was an operating loss of \$3.897m. Two items in particular impacted significantly on the operating result; \$1.269m for an additional landfill rehabilitation provision and \$4.649m for drainage asset recognition. Both items are material in that they are future commitments that our community must fund.

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

I would also like to thank my fantastic and dedicated staff who continue to work tirelessly for the community, the elected members for their dedication, passion and guidance, the community for continuing to engage with the Council on the many issues that impact your daily life and the many volunteers that assist the Council and the community.

Dom Testoni
Chief Executive Officer

THE YEAR AT A GLANCE



JULY 2019

- An exhibition of works by local Aboriginal artist Chris Thorne is on display at the Sir Edward 'Weary' Dunlop Learning Centre to encourage community conversation about mental health, suicide prevention and resilience. The exhibition is presented in partnership with Murray PHN and the Central Hume Primary Care Partnership as part of the place-based suicide prevention trials. Benalla is one of 12 locations taking part in the Victorian Government trials to develop local strategies to prevent suicide.
- Flag raising ceremony and Storytime sessions are held as part of NAIDOC week celebrations in July.
- On Tuesday 16 July 2019, 45 Navy personnel from HMAS Benalla (II) and the Royal Australian Navy Band visit Benalla as part of a Royal Australian Navy Freedom of Entry to the City ceremony.
- A Startup Shakeup celebration and book launch is held on 26 July. 13 start-up businesses pitched for a share of \$10,000 in prizes (pictured).

AUGUST 2019

- 100 people attend the Future Work Regional Summit on Friday 23 August 2019 at the Benalla Town Hall. This event opens Benalla's third Digital Innovation Festival, which features free and low cost events for community members and small business owners.
- The 150th Anniversary of the Proclamation of the Shire of Benalla is celebrated at the Benalla Visitor Information Centre. Sixty people attend the event hosted by the Council and the Benalla and District Historical Society.
- More than 120 people attend the Seeing the Future in Farming Forum.



SEPTEMBER 2019

- More than 100 people attend the Age Friendly Benalla Forum (pictured).
- Benalla becomes an accredited RV Friendly town. Signs installed on Sydney Road and the Midland Hwy.
- The inaugural Volunteer Student Awards are held with 16 individual students from FCJ College, Flexible Learning Centre, St Joseph's and P-12 presented with awards.



OCTOBER 2019

- The Council's Benalla FReeZA Committee hosts 'The Push', an all-ages music event at the Benalla Town Hall on 11 October. The sold-out event features renowned contemporary Australian artists Ruby Fields and Baker Boy (pictured).
- On Wednesday 16 October, Benalla hosts 100 Visitor Information Centre volunteers from across Victoria's High Country and north east Victoria for the 2019 High Country VIC Volunteers summit.
- More than 500 people participate in events for the 2019 Seniors Festival, including concerts, social dances, exercise classes and afternoon teas.
- Children's Week is celebrated with an event at the Sir Edward 'Weary' Dunlop Learning Centre (Benalla Library), featuring a Children's Petting Zoo. More than 70 families participate.
- More than 140 Year 8 students participate in a Live4Life celebration event.



NOVEMBER 2019

- The Benalla Festival takes place from 2 - 10 November 2019. The Festival included more than 25 community events focussed on art, music, history, sport, entertainment and family attractions. Traditional events include the Village by the Lake, the Street Parade (pictured) and A Day in the Gardens Market.

DECEMBER 2019

- The Window to Window Festival hosts artists to paint the windows of local stores. The event promotes local retail and stimulated economic activity in the CBD during the Christmas period.
- The \$1.6 million airport redevelopment project is completed in December 2019. The Project commenced in May 2016 and was delivered in 4 stages over 4 years.



JANUARY 2020

- Australia Day events held in Baddaginnie, Benalla, Devenish, Goomalibee, Goorambat, Lima, Molyullah, Tatong, Thoona and Warrenbayne and at BPACC. Eight new Australian Citizens receive their citizenship (pictured).
- The Benalla Art Gallery goes through a major rebranding.

FEBRUARY 2020

- A major windstorm event causes extensive damage to roadside and urban street trees, bringing down power lines and blocking rural roads and urban streets and walking tracks. This event costs the Council more than \$228k and results in the removal of 14 trees.
- Benalla Rural City is recognised by the Australian Government as experiencing hardship due to the drought. Up to \$1million funding is made available for local infrastructure programs and drought relief projects.



MARCH 2020

- An analysis of needs for current and future jobs and skills begins. The Benalla Deep Dive Workforce receives \$15k from Regional Development Victoria (RDV) towards the project.
- Council venues close to the public due to the impact of the COVID-19 pandemic. Work continues behind closed doors to deliver essential services.
- Emergency Management Pandemic Subcommittee forms with representatives from DHHS, emergency services, community organisations and local health and aged care providers.
- The Local Government Energy Savers Program (Stream 3, Stage 2) is completed. The program included installing solar panels at Benalla Library, upgrading Benalla Art Gallery and Council depot lighting. The project has a predicted annual electricity saving of more than \$100k.

APRIL 2020

- The Wall to Wall street art festival is postponed due to the COVID-19 pandemic. Historic Winton, another major event on Benalla's calendar, also announces that the event is cancelled.
- With volunteers unable to assist because of the pandemic, the Council adjusts its service delivery, including Meals on Wheels, home care and family support.

MAY 2020

- Buy from Benalla, a whole-town online marketplace for local businesses, is launched. The Benalla pilot is then rolled out across North East Victoria as part of a unique collaborative approach to support local businesses.
- Splash Park construction works are completed, with plans to open in the warmer months of 2020. Project funded by the Victorian State Government.

JUNE 2020

- Benalla Library re-opens with newly installed RFID automated borrowing system during an easing of COVID-19 restrictions. Self loan stations allow members to borrow multiple items in a contactless, quick and easy way.
- Works commence on the \$605k Arundel Street project, which will see a multipurpose community recreation pavilion at the Arundel Street Sports Ovals. The project is funded by \$500,000 from the Victorian Government, \$50,000 from both the Council and the Benalla and District Junior Football League and \$5,000 from the Benalla Bushrangers Cricket Club.

HIGHLIGHTS

WINTON LURG ROAD WIDENING

Winton Lurg Road has had its shoulder widened. The project included widening and sealing road shoulders for a distance of 2.94 kilometres and applying a final seal over the entire road.

The project improved road safety for users. Now, two cars can pass simultaneously without having to pull aside onto the gravel shoulders.



AIRPORT REDEVELOPMENT COMPLETED

The \$1.6M Benalla Airport upgrade was completed and included a modern fuel facility, extension to the hangar-access tarmac area, all-weather access tracks to the hangars, construction of a longer glider strip, replacement of the main underground power supply, a water supply for firefighting purposes, a safety fence and signs, an amenities building out on the airfield and other improvements.

SOLAR FARMS

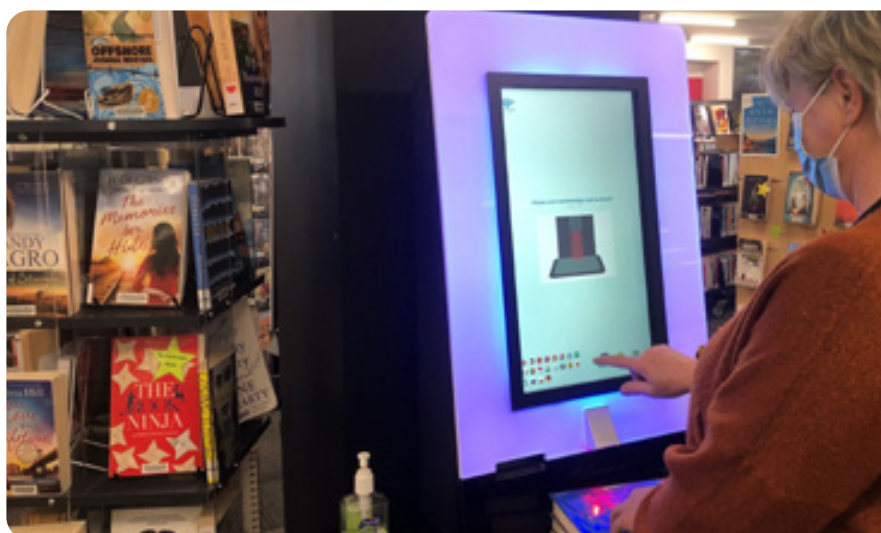
Construction of two solar farms is underway at Winton and Glenrowan West and a further two solar farms at Goorambat have development approval. When complete they will have a combined capacity of 560MW making Benalla Rural City a hotspot for renewable energy production in Victoria.

Photo: Artist impression of completed FRV Winton Solar Farm (courtesy FRV)



COVID-19

In March 2020, the Council's Customer Service Centre, Benalla Art Gallery, Benalla Library, Visitor Information Centre and Benalla Performing Arts and Convention Centre closed to the public due to the COVID-19 pandemic. Changes to the way Council delivered all its other services, including aged and disability support, landfill operations, volunteer services, rural outreach and Council meetings were also impacted.



LIBRARY RFID

Radio-frequency identification technology was installed at the Sir Edward Weary Learning Centre with each collection item tagged to include bar code information. Patrons can now check items in and out themselves. The new entrance gates and book return chute automatically read when items come back into the branch.

SPLASH PARK

The new splash park was built on the banks of Lake Benalla near the Benalla Aquatic Centre and Visitor Information Centre. Water features include a low wall with blade sprays, tip and fill water play channels, water sprayers, a large bucket with rose filling spouts, water cannons, water arches and more.



FINANCIAL SUMMARY

	2016/17 '000	2017/18 '000	2018/19 '000	2019/20 '000
Total Revenue	\$32,244	\$30,235	\$32,933	35,517
Total Expenses	\$29,714	\$29,852	\$31,396	39,414
Surplus (Deficit)	\$2,530	\$383	\$1,537	(3,897)
Working Capital	157%	164%	215%	187%
Total Assets	\$222,053	\$256,063	\$274,118	270,394
Net Assets	\$203,687	\$238,477	\$255,012	249,551
Rates and Charges	\$16,261	\$16,819	\$17,702	18,487
Rates/Adjusted Underlying Revenue	52%	57%	56%	57%
Indebtedness (Non Current Liabilities / Own sourced revenue)	57%	52%	54%	52%
Capital Projects	\$5,047	\$5,107	\$4,502	\$5.119



ABOUT US





OUR MUNICIPALITY

POPULATION

14,037

AREA

235,264 HA

TOWNSHIPS

BENALLA
BADDAGINNIE
DEVENISH
GOORAMBAT
SWANPOOL
THOONA
TATONG
WINTON

DISTANCE TO MELB

193KM

RATEABLE PROPERTIES

8,024

COUNCIL EMPLOYEES

119.4 (EFT)

COUNCILLORS

7

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 14,037 (ABS 2019), 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 employers include Benalla Health, Royal Freemasons Benalla Care Home, Estia Health and Cooina 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 wool and meat production and broad acre cropping. Recent agricultural diversification has seen a rise in viticulture and other more intensive forms of horticulture and forestry.

Construction of two solar farms is underway at Winton and Glenrowan West and a further two solar farms at Goorambat have development approval. When completed these facilities will have a combined capacity of 560MW making Benalla Rural City a hotspot for green energy production in Victoria.

With the expansion of the manufacturing and renewable energy sectors in Benalla, demand on residential lots has increased significantly. Over the past 18 months, 359 residential lots have been approved for construction. A further five subdivision proposals are being assessed by Council, bringing the total to 572 residential lots.

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 child care 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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Customer Service Centre
1 Bridge Street East, Benalla

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Fax: (03) 5762 5537

Email: council@benalla.vic.gov.au

www.benalla.vic.gov.au

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 DANNY CLARIDGE

First elected: Oct 2016



Deputy Mayor

CR BERNIE HEARN

First elected: Oct 2016



CR BARBARA ALEXANDER, AO

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



CR PETER DAVIS

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



CR DON FIRTH

First elected: Nov 2008
Re-elected: Oct 2016



CR SCOTT UPSTON

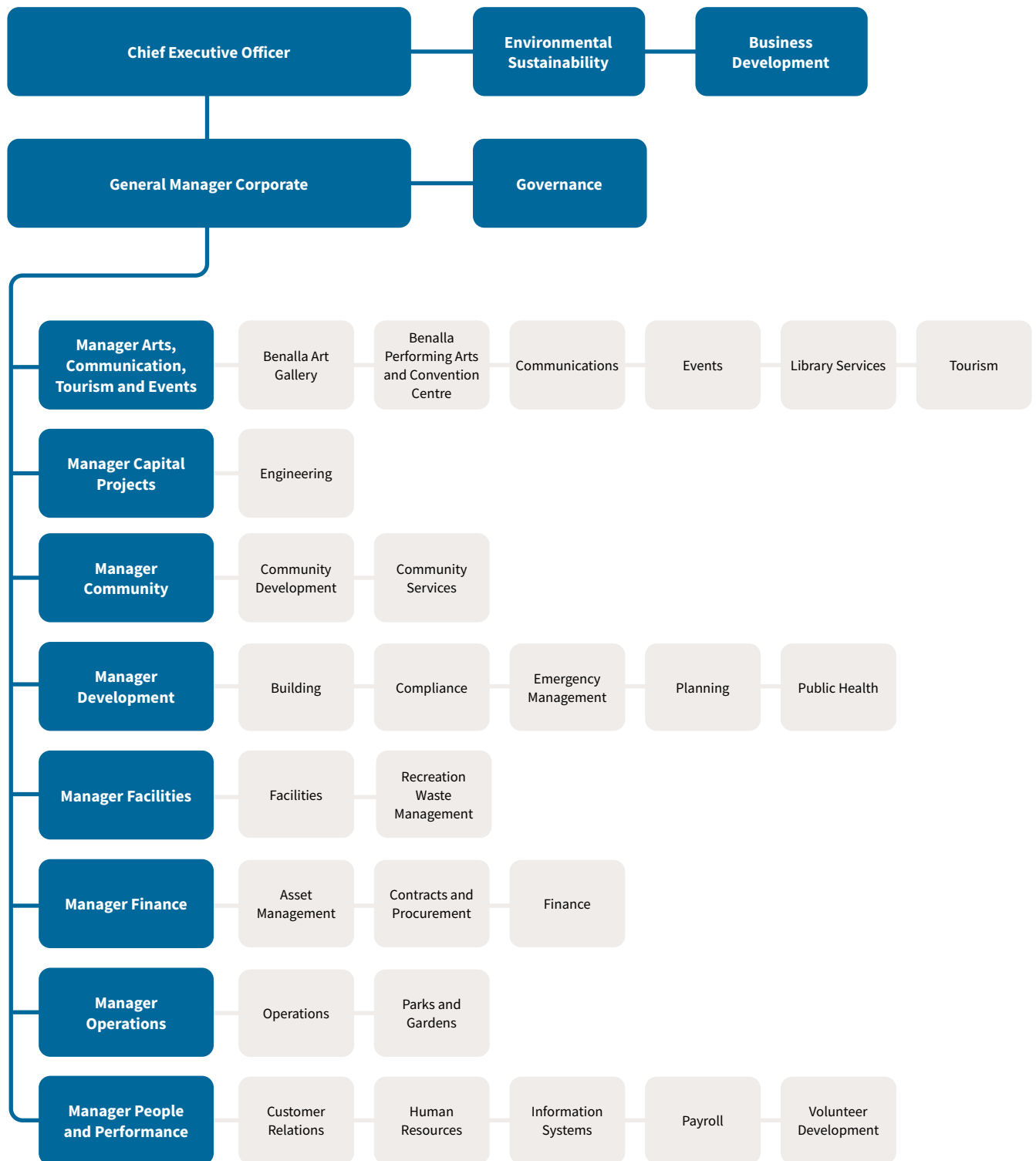
First elected: Oct 2016



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	47	47
Part-time female	65	35
Part-time male	9	3.4
Casual	22	1
Total	176	119.4

Type by band	Female EFT	Male EFT	Total EFT
Band 1	3.7	0	3.7
Band 2	0	0	0
Band 3	6.6	13.3	19.9
Band 4	18.6	11.4	30.0
Band 5	13.7	2.0	15.7
Band 6	11.7	8.2	19.9
Band 7	9.6	4.0	13.6
Band 8	0	4.0	4.0
Band N/A	5.6	6.0	11.6
Casual	1.0	0	1.0
Total EFT	70.5	48.9	119.4

HEALTH & SAFETY

Council is committed to continual improvement in all aspects of staff safety and wellbeing. The Occupational Health and Safety (OH&S) Committee meet on a monthly basis and OH&S is a regular item of discussion at the monthly leadership team meetings. Each department holds OH&S designated workgroup meetings frequently where incidents, trends and training are discussed.

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.

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.

PROFESSIONAL DEVELOPMENT

A range of professional development opportunities is offered to staff each year. Our learning management system has recently been upgraded and includes a comprehensive induction program along with hundreds of online courses which are available for staff to increase their knowledge and development.

Council provides a generous study assistance program and opportunities for staff to gain experience in alternative roles.

FAMILY VIOLENCE

The Council is committed to supporting family violence prevention initiatives relating and incorporating behaviors that reinforce respect and equality.

Family violence is a serious issue in our society. The Council is committed to playing a supportive role to staff subjected to family violence and in any other personal emergency. Clause 45 of the Enterprise Agreement 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 supports a range of initiatives to prevent violence including the MAV Prevention of Family Violence Campaign, the Hume Region Courageous Conversations Charter and White Ribbon Day.

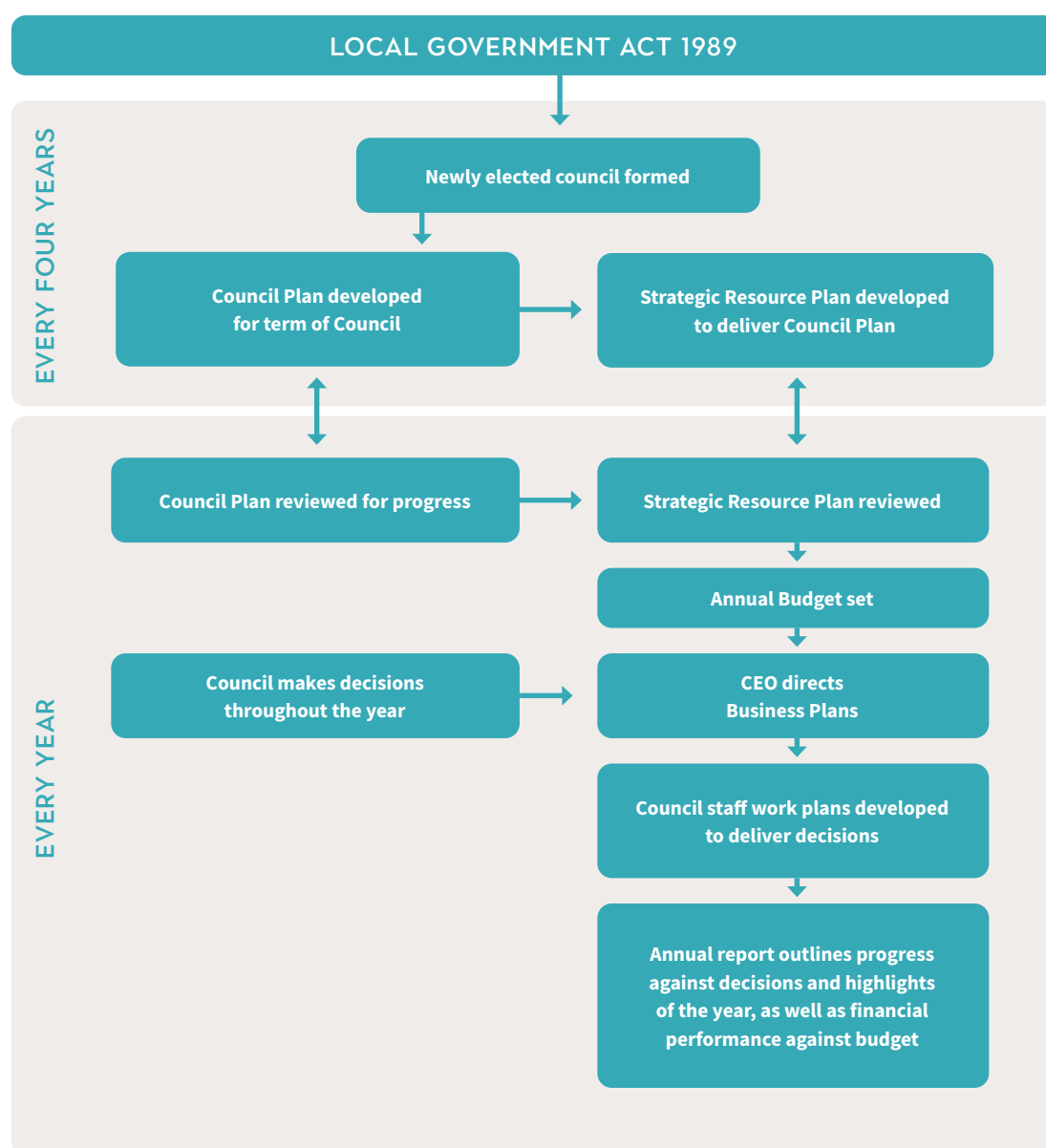
OUR PERFORMANCE



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.



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.



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.



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	2017	2018	2019	2020	Comments
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>	4.00	4.00	4.00	3.00	Decreased due to the closure of the Aquatic Centre as part of Stage 3 COVID-19 pandemic restrictions. A health inspection was not required during the closure period.
Utilisation					
Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	7.06	7.24	7.31	5.14	Decreased due to the Aquatic Centre closure as part of Stage 3 COVID-19 pandemic restrictions.
Service cost					
Cost of aquatic facilities <i>[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]</i>	New in 2020	New in 2020	New in 2020	\$9.37	New measure for the 2019-20 financial year. Note: From 2020, this measure replaced two previous measures: 'Cost of indoor aquatic facilities' and 'Cost of outdoor aquatic facilities'.
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>	1.00	1.00	1.00	1.00	
Service standard					
Animals reclaimed <i>[Number of animals reclaimed / Number of animals collected] x100</i>	44.53%	38.61%	33.77%	35.01%	
Animals rehomed <i>[Number of animals rehomed / Number of animals collected] x100</i>	New in 2020	New in 2020	New in 2020	0.00%	New measure for 2019-20 financial year.
Service cost					
Cost of animal management service per population <i>[Direct cost of the animal management service / Population]</i>	New in 2020	New in 2020	New in 2020	\$15.37	Note: This measure is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals.
Health and safety					
Animal management prosecutions <i>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</i>	New in 2020	New in 2020	New in 2020	0.00%	New measure for 2019-20 financial year. There were no animal management prosecutions. Note: This measure is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion.

Service Performance Indicators	2017	2018	2019	2020	Comments
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>	1.00	1.00	1.00	1.00	
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>	80.00%	87.04%	97.98%	71.30%	Decreased due to premises not registering and an aged care facility requiring extra infection control assistance.
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>	\$533.28	\$314.88	\$499.02	\$431.09	Decreased due to COVID-19 triggering a cost reduction in the food sampling compliance area.
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>	0.00%	0.00%	0.00%	100.00%	Increased due to one non-compliance notification being recorded in 2019.
GOVERNANCE					
Transparency					
Council decisions made at meetings closed to the public <i>[Number of Council resolutions made at ordinary or special meetings of 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 Council or at meetings of a special committee consisting only of Councillors] x100</i>	11.11%	11.68%	14.79%	12.88%	Fewer "closed to the public" resolutions in 2019/20.
Consultation and engagement					
Satisfaction with community consultation and engagement <i>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</i>	53.00	53.00	56.00	55.00	

Service Performance Indicators	2017	2018	2019	2020	Comments
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>	100.00%	92.86%	92.38%	93.41%	
Service cost					
Cost of elected representation <i>[Direct cost of the governance service / Number of Councillors elected at the last Council general election]</i>	\$25,589.08	\$33,354.32	\$32,316.51	\$33,594.96	
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>	51.00	51.00	56.00	54.00	
LIBRARIES					
Utilisation					
Physical library collection usage <i>[Number of physical library collection item loans / Number of physical library collection items]</i>	3.02	3.11	3.62	3.04	Decreased due to the library being closed from 23 March - 16 June due to COVID-19 therefore, patrons were not able to access the collection in their usual way. Note: From 2019-20, this indicator measures the performance of physical library items as a subset of the wider library collection.
Resource standard					
Recently purchased library collection <i>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100</i>	49.31%	49.21%	56.78%	59.18%	
Participation					
Active library borrowers in municipality <i>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	18.54%	17.79%	17.63%	16.89%	
Service cost					
Cost of library service per population <i>[Direct cost of the library service / Population]</i>	New in 2020	New in 2020	New in 2020	\$40.95	New measure for the 2019-20 financial year. Note: This measure is replacing the previous 'Cost of library service' indicator which measured based on number of visits.

Service Performance Indicators	2017	2018	2019	2020	Comments
MATERNAL AND CHILD HEALTH (MCH)					
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>	101.61%	98.77%	100.79%	101.71%	
Service cost					
Cost of the MCH service <i>[Cost of the MCH service / Hours worked by MCH nurses]</i>	\$82.43	\$73.56	\$79.95	\$60.79	Decreased due to reduction in staffing costs. Expected to return to previous levels in 2021.
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>	79.55%	81.23%	79.93%	78.95%	
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>	87.76%	86.27%	88.52%	75.93%	Decreased due to a number of Aboriginal children moving to different care arrangements.
Satisfaction					
Participation in 4-week Key Age and Stage visit <i>[Number of 4-week key age and stage visits / Number of birth notifications received] x100</i>	New in 2020	New in 2020	New in 2020	94.87%	New measure for 2019-20 financial year.
ROADS					
Satisfaction of use					
Sealed local road requests <i>[Number of sealed local road requests / Kilometres of sealed local roads] x100</i>	48.51	27.03	26.79	17.68	Decreased due to dryer than normal weather conditions for the first three quarters of the year and extra reasealing and preparation works being completed.
Condition					
Sealed local roads maintained to condition standards <i>[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100</i>	95.62%	91.35%	98.39%	98.57%	
Service cost					
Cost of sealed local road reconstruction <i>[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]</i>	\$0.00	\$0.00	\$0.00	\$80.38	Increased due to no local road reconstruction undertaken in the three years prior.
Cost of sealed local road resealing <i>[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]</i>	\$4.40	\$3.28	\$4.83	\$5.49	Increased due to the rising costs of bitumen and sealing aggregate.

Service Performance Indicators	2017	2018	2019	2020	Comments
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>	49.00	43.00	54.00	49.00	Decreased as roadworks returned to normal levels in 2020 following an increase in 2019 when additional roadworks were undertaken.
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>	21.00	22.00	23.00	29.00	Increased due to a rise in the number of complex planning applications and resourcing issues.
Service standard					
Planning applications decided within required time frames <i>[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100</i>	95.65%	92.26%	88.39%	85.31%	
Service cost					
Cost of statutory planning service <i>[Direct cost of the statutory planning service / Number of planning applications received]</i>	\$1,594.02	\$1,414.65	\$1,554.14	\$1,563.97	
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>	100.00%	66.67%	0.00%	50.00%	Two decisions taken to VCAT in 2019/20 which resulted in one matter being affirmed and one matter being set aside.



Service Performance Indicators	2017	2018	2019	2020	Comments
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>	127.24	125.63	126.95	135.30	
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>	5.99	9.31	9.07	11.93	No particular issues identified. To be monitored in 2020/21.
Service cost					
Cost of kerbside garbage bin collection service <i>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</i>	\$58.14	\$53.97	\$57.43	\$58.23	
Cost of kerbside recyclables collection service <i>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</i>	\$46.48	\$46.22	\$69.50	\$77.03	Increased due to rising recycling service processing costs.
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>	62.15%	61.23%	60.85%	60.91%	





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 and actively engage with smaller rural communities, including conducting regular informal forums in our rural townships.	<p>Continued support of Rural Outreach Worker who made/received 498 calls during the year (including visits prior to enforcement of stricter restrictions when client contacts were mainly via phone calls)</p> <p>The worker also attended a number of meetings/activities including the Benalla Sheep Dog Trials, the Benalla Men's Shed and a meeting at Goorambat CFA. He also spoke to several groups about mental health first aid, including the staff at LS Precast. A fundraising event at the Benalla Bowls Club and other community donations towards the Rural Outreach program have enabled the continued distribution of \$50 vouchers to farmers in need.</p>
Promote, support, acknowledge and value volunteers.	<p>The recognition functions for all volunteers along with the regular Volunteer Newsletter and Christmas greetings have been very positive and well received. Development of new volunteer database to provide accurate data relating to volunteers continued.</p> <p>The COVID-19 pandemic resulted in all volunteer programs ceasing in March 2020.</p>



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	80	66
Number of rural forums conducted	2	1
Number Youth Strategies reviewed and updated	1	0
Number of active library members (percentage of the municipal population that are active library members)	18%	16.89%
Utilisation of aquatic facilities (number of visits to aquatic facilities per head of municipal population)	7	5.14
Participation in the MCH service (percentage of children enrolled who participate in the MCH service)	80%	78.95%

The following statement reviews the performance of the Council against services funded in the *2019/20 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
Corporate Division	Coordinates a range of services for the community including: Community engagement in accordance with the Communication and Consultation Strategy. Supporting the youth of the community with planning and development of activities to engage young people and to network with service partners. Delivering a range of services to residents of all ages, cultures and socio-economic backgrounds to enhance their independence, dignity, connectedness, health and wellbeing. Coordinating and supporting the operation of the Aquatic Centre Facility for the community. Coordinating the planning and response to emergency events. Delivering immunisation programs. Coordinating school crossing supervisors. Providing environmental health education programs. Coordinating, supporting and growing our volunteer base.	6,198	(3,557)	2,641

COMMUNITY GRANTS PROGRAM 2019/2020

Community Support Grants

The Council's 2019/20 Budget allocates \$81,666 to the Community Support Program. Up to \$66,666 of this is allocated to the Community Grants Program and the Youth Participation Grant. The \$15,000 balance is directed toward monthly Community Sponsorship Grants. The Major Event Funding Program is allocated \$12,000.

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 to assist in building healthy, vibrant and sustainable communities across the Benalla Rural City. The Youth Participation Grants Program provides an opportunity for youth-led projects to seek funding of up to \$1,000 to help support eligible projects and events which are planned, driven and delivered by young people for young people.

In February 2020, the Council invited interested community groups and not-for-profit organisations to apply for assistance under the Community Grants Program, Major Events and the Youth Participation Grants Program.

A Grant Information session was held in partnership with Valley Sport and the Tomorrow Today Foundation (TTF) on Monday 10 February at the Benalla Library. Additionally, a previous successful applicant shared their tips and reflections on applying for a community grant. The information session was an opportunity for community groups to learn more about the grant application process and to access grant writing tips. Approximately 35 people attended the session.

Applications closed on Wednesday 25 March 2020. 46 applications were received for the Community Grants Program requesting a total of \$101,295.66 in funding. Council was able to fund 35 applications for a total of \$65,617. There was one Youth Participation Grant application which received \$1,000 in grant funding. A summary of applications is provided below.

Recipient	Project	Funding
Albert Heaney Reserve Committee of Management	Generator and First Aid kit	\$2,500
Benalla and District Pre-School Partnership - Bernard Briggs Campus	Equipment for Kindergarten	\$1,000
Benalla Camera Club	Hire of exhibition space	\$1,650
Benalla Family Research Group	Computer upgrade	\$1,730
Benalla Gardens Tennis Club	Resurface of courts	\$2,500
Benalla Girl Guides	Purchase of 2 reverse cycle air conditioning units	\$2,500
Benalla Hockey Club	Purchase of hockey sticks, pads and other equipment	\$775
Benalla Indoor Recreation Centre	Replacement of steel poles with aluminium for basketball and netball	\$1,000
Benalla Lawn Tennis and Croquet Club	Plumbing upgrade	\$2,500
Benalla Little Athletics	Line marking of athletic field	\$2,500
Benalla Netball Association Inc.	Purchase of balls, bibs and vests	\$2,000
Benalla Pistol Club	Defibrillator, disabled car park and window installation	\$2,500
Benalla Saints Sports Club Inc.	Bain-marie for canteen	\$2,200

Recipient	Project	Funding
Benalla Senior Citizens Club Inc.	Bowling mats	\$2,500
Benalla Table Tennis Association	Lighting for tables tennis at Benalla Indoor Recreation Centre	\$1,865
Benalla Young Sportspersons Trust	Supporting young Benalla athletes program	\$1,000
Cooinda Village Inc.	Let's Find Our Voice project	\$2,500
Devenish Public Hall Committee of Management	Replacement of stumps and bearers	\$1,048
Goorambat and District Community Group Inc.	Directional signage Goorambat Silo Art	\$1,600
Goorambat Football Netball Club	Upgrade of umpires' facility	\$2,500
Lima School Community Centre Committee	Building repairs	\$2,500
Lima South Community Hall	Purchase of pie warmer, microwave and ceiling fan	\$1,439
Lima South Rural Fire Brigade	Purchase of training material and high-powered torch	\$1,000
Moir Benalla Club Inc.	Building maintenance work	\$1,000
Molyullah Recreation and Public Hall Reserve	Marquee hire	\$1,000
Molyullah Upper Ryan's Creek Heritage	Signage for heritage sites	\$1,500
Moorngag Cemetery Trust	Cemetery entrance upgrade	\$2,500
North East Art Trail Inc.	Art trail signage	\$2,500
North Eastern Muzzleloaders and Colonial Firearms	Purchase and planting of shade trees	\$1,500
Ride Avenue Pre-School	Awning for front entrance	\$2,431
Rose City Country Music Club Inc.	Contribution to venue hire cost	\$1,800
Samaria Suns Sports Club	Reversible jumpers for community engagement games	\$2,079
Swanpool and District Community Development Association Inc.	Production of tourist maps	\$1,000
Thoona Memorial Hall Committee Inc.	Interior/exterior painting	\$2,500
Warrenbayne Hall & Recreation Reserve	Hot water service and kitchen bench	\$2,500

Community Support Grants Total \$65,617

Youth Participation Grants

Recipient	Project	Funding
Aviation Museum	Purchase of mannequins for museum display	\$1,000

Youth Participation Grants Total \$1,000

Community Sponsorship Program

Recipient	Project	Funding
Benalla Family Research Group Inc.	Funding to assist with the purchase of archival and protective resources for the Benalla Family Research Group plus promotion, printing and advertising costs associated with the “Day in the Gardens” event as part of the Benalla Festival.	\$500
Renewable Energy Benalla Inc.	Funding to assist with venue hire and catering to support six community workshops on retrofitting existing homes to reduce energy bills.	\$500
Rotary Club of Benalla	Funding support to assist one young person to attend the Portsea Camp in January 2020.	\$390
Gliding Club of Victoria Inc. as auspice for "Benalla Rugged up"	Funding to assist with room hire, catering, materials and installation of yarn decorations to support the “Benalla Rugged Up” event to be held in Benalla during August 2019.	\$400
Swanpool & District Community Development Association Inc.	Funding support to assist with printing, creating of new signage and media advertising for the Swanpool Creative Art Recycle Prize (SCRAP) event to be held in August 2019.	\$500
North East Artisans Inc.	Funding support to assist with costs (printing, marketing and promotion) of the inaugural "In Your Face" Portrait Prize Exhibition event to be held in August 2019.	\$500
Australian Christian College	Funding to support the yearly school production. Funding will assist in the hire of a venue (BPACC) big enough to hold the event so all the school community can attend.	\$500
For the Good of Devenish	Funding to assist with costs associated with a Remembrance Day service such as catering, advertising and equipment hire. This event showcases the Silo Art and attracts many visitors to Devenish.	\$500
Benalla Scout Group	Funding to provide transport for local Scouts to attend an excursion to the Mansfield Zoo.	\$500
Benalla Wide Action Group	Funding to assist with the costs of holding a Christmas party at the Waminda community shed for the local community in late November or early December.	\$500
Goomalibee Fire Brigade	Funding to assist with the costs of holding an awards ceremony and end of year celebration for volunteers on Saturday 30 November.	\$500
Let us Entertain You Inc. (LUEY)	Funding to assist with advertising, printing and tech support for an open mic/talent quest night on Friday 5 October. The underlying theme of the night is Mental Health and any profits raised will be split with Rural Outreach program.	\$500
Benalla All Blacks Football & Netball Club	Funding to assist with the purchase of a new BBQ for club and community use.	\$500
Lions Club of Benalla	Funding to assist with the advertising costs of holding a “Walk against Diabetes” community fundraising event.	\$500
Albert Heaney Oval Reserve Committee of Management	Funding to assist with costs of insurance cover and advertising needed for the Swanpool Motor Festival.	\$500

Recipient	Project	Funding
Benalla P-12 College	Seeking funding to support the Year 12 graduation awards. Funding will assist in recognising students who have achieved successes during their final year.	\$500
Warrenbayne Recreation Reserve	Funding to assist with costs associated with the Warrenbayne Community 2019 Christmas event.	\$500
Benalla Business Network – Window to Window Committee	Funding to assist with the costs associated with running the Benalla Christmas Window to Window festival 6 and 7 December. The festival aims to entice people to connect in with the artists and businesses over this time.	\$500
Winton Rural Fire Brigade	Requesting funding to assist with the catering for a Community BBQ celebration to be held on Thursday 12 December. The evening aims to bring the local community together.	\$500
Benalla Sports and Entertainment Centre Inc.	Seeking funding to assist in purchasing and installing a speed hump at the entrance of the grounds car park to help ensure safety for all users in a busy precinct.	\$500
Swanpool Bowling Club	Seeking funding to assist with tournament prizes for the annual Australia Day Quadripartite Bowling Tournament being held on 27 January 2020.	\$500
Benalla Theatre Company	Seeking funding to cover the cost of hire of the town hall for a benefit concert being held on 1 February 2020 for the victims of the recent bush fires.	\$390
Lima School Community Centre Committee	Replacement of damaged weatherboards and window trims, new flashings above windows and barge capping. Also replace damaged guttering and weatherproof roof from leaks.	\$500
Molyullah Recreation and Public Hall Committee	Marquee hire for Molyullah East Sports.	\$500
Bridging Spaces 2020 Inc.	Morning workshop lead by the international guest speaker with Q&A, followed by lunch In the afternoon a screening of the documentary Love is Listening: Dementia without Loneliness which illustrates the beneficial effects of 'being with' people with dementia.	\$500
Benalla Sustainable Futures Group	Event at BPACC, Climate Change, Present Facts & Future Projections. Guest speakers and workshop.	\$500
Benalla Rose City Band	BPACC hire for Annual Concert – Planned for 2nd half of 2020	\$500
U3A Benalla	Purchase whiteboard to support program delivery	\$465
Goorambat Hall Committee of Management	Replacing exit lights to meet OH&S standards.	\$493
Fight Cancer Foundation	Funding contribution toward patient and carer accommodation build in Albury.	\$500

Community Sponsorship Program Total \$14,638

Major Event Funding Program

Recipient	Event	Funding
Benalla Basketball Association	Junior Regional Basketball Tournament	\$1,500
Benalla Garden Club	Garden Expo	\$1,500
FCJ College	120 Year Reunion	\$1,500
For the Good of Devenish Inc.	Remembrance Day Service at Devenish Silos	\$1,250
Goorambat & District Community Group	Outback Dunny Day	\$1,500
Moorngag Hall & Recreation Reserve	Moorngag Mower Mania	\$1,500
Rose City Band	Annual Concert	\$1,000
Society of Automotive Engineers Australia	Formula SAE-Australasia event at Winton Motor Raceway	\$1,500
Swanpool & District Community Development Associatio	Swanpool Creative Recycled Art Prize (SCRAP)	\$1,500





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">• 1,854 customer requests completed.• Sealed road shoulder graded: 91.5kms.• Unsealed roads graded: 425.5kms.• Road Maintenance Unit Purchase tender awarded in December 2019.
Progress the Arundel Street Oval Improvements, Benalla Sports and Equestrian Centre Undercover Arena, 'Courts 4 Sports' Benalla Indoor Recreation Centre projects.	<ul style="list-style-type: none">• Arundel Street Oval Improvements: Construction of facility commenced in second half of 2019/20 with project scheduled for completion in December 2020. Project control group met throughout the year.• Benalla Sports and Equestrian Centre Undercover Arena supply and construction tender awarded in December 2019. Project expected to be completed in first half of 2020/21.• Benalla Indoor Recreation Centre Masterplan adopted November 2019. External funding options continue to be investigated.



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 Domestic Animals Act 1994 reclaimed.	40%	35.01%
Capital projects delivered	80%	67%
Percentage of required food safety assessments undertaken	90%	71.30%
Community satisfaction with sealed local roads.	45	49
Median number of days taken between receipt of a planning application and a decision on the application.	25	29
Percentage of VicSmart planning application decisions made within legislated time frames.	90%	85.31%

The following statement reviews the performance of the Council against services funded in the *2019/20 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
Corporate Division	<p>Coordinates the accessibility, maintenance and planning of engaging spaces and places for the community by:</p> <ul style="list-style-type: none"> Overseeing the operations of the Benalla Library and library services for all residents. Operating the Benalla Art gallery that provides cultural and tourism benefits to our city. Provides Geographic Information System mapping which provide computer based mapping and aerial photographs. Overseeing Land Use Planning Services in accordance with the Benalla Planning Scheme and the <i>Planning and Environment Act</i>. Providing Building Surveyor Services to meet statutory obligations in accordance with the <i>Local Government Act</i> and Building Regulations. Coordinates Council's statutory obligations in relation to the <i>Domestic and Feral and Nuisance Animal Act</i>, Road Regulations, <i>Environment Protection Act</i> and <i>Country Fire Authority Act</i>. Provides professional Environmental Health services to meet statutory obligations outlines in the <i>Health Act</i> and <i>Environmental Protection Act</i>. Overseeing the management of Council's Assets including but not limited to the road management plan encompassing urban roads, drains and footpaths and rural roads, drains and footpaths. Implementation of major and minor works project management, street sweeping, minor construction works and asset inspection programs. 	17,001	(6,241)	10,760



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
Review the delivery of Council's waste management responsibilities	Landfill Operations internal audit undertaken to better identify waste management costs. Council continues to be a member of North East Regional Waste and Recovery Group.
Establish a transfer station at the Benalla Landfill and Resource Recovery Centre.	Several design and site location changes has delayed the project. Construction tender expected to be awarded in July 2020.



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.	N/A	N/A
Community satisfaction rating for our performance in waste management.	N/A	N/A
Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill.	62%	60.91%

The following statement reviews the performance of the Council against services funded in the *2019/20 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	Oversees activities in relation to sustainability, climate change, roadside vegetation, energy and water conservation and water quality	288	(208)	81
Corporate Division	<p>Coordinates a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future by:</p> <ul style="list-style-type: none"> • Overseeing the management and provision of environmental projects. • Ensuring that waste collection, recycling programs, EPA licenced landfill operation and waste minimisation programs are run in accordance with state and regional plans and policies. • Coordinating the management and provision of advice on external domestic waste water programs in consultation with relevant stakeholders. 	7,141	(5,540)	1,601



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
Develop an Economic Development Plan	Plan not developed.
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">• Business continued to be recruited to participate in the Buy from Benalla e-commerce portal.• Strong collaboration with seven North East Victoria councils on initiatives such as the Start Up Shake Up support network for entrepreneurs.• Support and advice given to local businesses during COVID-19 restrictions.



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.	N/A	N/A
Community satisfaction rating for our performance in economic or business development.	N/A	N/A
Community satisfaction rating for our performance in the provision of arts centres.	N/A	N/A

The following statement reviews the performance of the Council against services funded in the *2019/20 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	<ul style="list-style-type: none"> Oversees the facilitation of economic development opportunities by devising economic strategies and developing relationships with key stakeholders, investors and collaborators to support business and industry development within our Rural City. Providing support to new and existing businesses through streamlined permit processes, facilitating business development programs, mentoring and delivering projects that create economic growth and enhanced visitation opportunities into Benalla. 	390	(168)	222
Corporate Division	<ul style="list-style-type: none"> Oversees the destination promotion and visitor servicing for our Rural City. The facilitation of Council's civic and community events and the provision of support to other events to ensure compliance, while promoting community involvement and the lifestyle the Rural City offers. Managing the operation of the BPACC facility which engages a diverse range of Benalla residents coming from a wide range of socio-economic backgrounds and visitors to our area. Overseeing the long-term maintenance management program for Council's facility with the provision of repairs, maintenance and servicing of facilities that are utilised by a broad range of stakeholders including the general public and Council staff. Optimising the strategic value of and service potential of Council assets including but not limited to municipal buildings, aerodrome and pavilions 	1,546	(534)	1,011



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
Develop an Advocacy Strategy	Strategy not developed.
Develop and adopt an Engagement Strategy that uses a diverse range of techniques to actively engage with our community.	Community Engagement Policy and Community Engagement Framework and Toolkit adopted in June 2019. Organisation rollout started but postponed in March 2020 due to COVID-19 Restrictions.



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.	55	57
Community satisfaction with how Council has performed in making decisions in the interest of the community.	55	54
Community satisfaction with how Council has performed in customer service.	68	71
Community satisfaction with the consultation and engagement efforts of the Council.	55	55
Community satisfaction with the overall direction of Council.	55	51
Community satisfaction with Council's advocacy.	55	55

The following statement reviews the performance of the Council against services funded in the *2019/20 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	Oversees the office of the Chief Executive Officer (CEO), the Mayor and Councillor support as well as the internal audit program.	698	(30)	667
Corporate Division	Oversees the governance of Council to ensure accountability, enhancement and prosperity and viability. Ensures all day to day operational council buildings are maintained to an operational standard. Provides the financial based services to both internal and external customers including the management of Council's finances, procurement and contracting services, raising and collection of rates and charges and valuation of properties throughout the municipality. Ensures that the relevant human resources are managed and supported including training and development for staff. Provides information technology services to Council staff over various locations. This service is also responsible for the achievement of corporate objectives in regard to Risk Management, Insurance and Occupational Health and Safety. Coordinates Council's statutory obligations in relation to the Domestic and Feral and Nuisance Animal Act, Road Regulations, Environment Protection Act and Country Fire Authority Act. Provides professional Environmental Health services to meet statutory obligations outlines in the Health Act and Environmental Protection Act.	6,030	(19,116)	(13,086)

EQUAL EMPLOYMENT OPPORTUNITY

Benalla Rural City Council is an equal opportunity employer committed to providing a safe working environment that embraces and values child safety, diversity and inclusion.

Our equal opportunity policy and procedure reflects our further commitment to ensuring a workplace free from bullying and harassment. Our aim is to ensure there is no discrimination relating to the characteristics listed under the *Victorian Equal Opportunity Act 2010* such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation.

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

Benalla Rural City Council has an ongoing commitment to providing and maintaining a work environment that is safe and healthy for all staff, volunteers, contractors, customers, visitors and members of the public.

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

In 2019/20 there were 67 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.

RISK MANAGEMENT

Benalla Rural City Council is committed to establishing an organisational culture that ensures effective Risk Management. Managing risk is an increasingly important aspect of Local Government, and one that requires commitment across the whole organisation. Council manages its risks to maximise opportunities and minimise losses.

During the year, Council's Strategic and Operational Risk Registers were developed and the Leadership Team review on a monthly basis.



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 2019/20 financial year included:

- audits conducted on Landfill Operations and Contract Management.
- implementation of Community Access Inclusion Plan to ensure accessibility to Council services
- participation in the 2020 Local Government Community Satisfaction Survey

- a review into the provision of aged and disability services provided by Council
- 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 has been undertaken, but not yet presented to the Council for adoption.

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 was adopted by the Council in November 2019. The associated action plan continues to be implemented.

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 Food Act 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 (for example, 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

PUBLIC INTEREST DISCLOSURES PROCEDURES

In accordance with section 70 of the *Public Interest Disclosures 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 public interest disclosure 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 2019/20 no disclosures were notified to the Independent Broad-based Anti-corruption Commission.

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 Road Management Act 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 Environment, Land, Water and Planning.

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
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.
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.
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, 3 Special Meetings

Councillor attendance at Council meetings and Special Council meetings during 2019/20

Councillor	Council meetings attended	Special Council meetings attended	Total
Cr Danny Claridge (Mayor)	10	3	13
Cr Barbara Alexander	9	3	12
Cr Peter Davis	9	3	12
Cr Don Firth	9	3	12
Cr Bernadette Hearn	9	3	12
Cr Scott Upston	7	3	10
Cr William van Wersch	8	1	9

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: 8

Councillor	Meetings attended
Cr Danny Claridge (Mayor)	8
Cr Barbara Alexander	8
Cr Peter Davis	7
Cr Donald Firth	8
Cr Bernadette Hearn	5
Cr Scott Upston	7
Cr William van Wersch	8

PLANNING AND DEVELOPMENT COMMITTEE MEETINGS

Number of meetings held: 8

Councillor	Meetings attended
Cr Danny Claridge (Mayor)	8
Cr Barbara Alexander	8
Cr Peter Davis	6
Cr Donald Firth	8
Cr Bernadette Hearn	7
Cr Scott Upston	6
Cr William van Wersch	4

BENALLA ART GALLERY SPECIAL COMMITTEE MEETINGS

Number of meetings held: 5

Councillor	Meetings attended
Cr Barbara Alexander	4
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 2019/20 there were 14 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 2019/20 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 2019/20

Councillor	Allowance
Cr Danny Claridge (Mayor)	\$50,832.06
Cr Barbara Alexander	\$22,287.48
Cr Peter Davis	\$22,287.48
Cr Donald Firth	\$22,287.48
Cr Bernadette Hearn (Deputy Mayor)	\$22,287.48
Cr Scott Upston	\$38,493.80
Cr William van Wersch	\$22,287.48

COUNCILLOR EXPENSES

	Travel	Car Mileage	Child Care	Information & Communication	Conference & Training	Other	Total
Cr Danny Claridge (Mayor)	-	-	-	\$100	\$75	-	\$175
Cr Barbara Alexander	-	-	-	\$100	\$1,243	-	\$1,343
Cr Peter Davis	-	-	-	-	-	-	-
Cr Donald Firth	-	-	-	-	\$878	-	\$878
Cr Bernadette Hearn (Deputy Mayor)	-	-	-	\$100	\$68	-	\$168
Cr Scott Upston	-	-	-	-	\$453	-	\$453
Cr William van Wersch	-	-	-	-	-	-	-
Total	-	-	-	\$300	\$2,717	-	\$3,017

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 2019/20 were \$14,189.

Councillors and staff are provided with a meal after Council and Committee meetings, however, this was discontinued due to COVID-19 restrictions.

AUDIT ADVISORY COMMITTEE

Membership

The Committee comprises of 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), G CP (Acc), F IPA	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 the Finance and Business Specialist 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. Has 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 Cooina 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 2019-20 financial year there was a quorum for each Audit Advisory Committee meeting, where the appointed Chair presided. Attendance of AAC members for the 2019-20 meeting schedule is summarised below.

	July 2019	September 2019	November 2019	March 2020
Wayne Neylon, Chair	✓	✓	✓	✓
Rita HP Ruyters	✓	✓	✓	✓
John Stapleton	✓	✓	✓	✓
Cameron Gray	✓	✓	✓	✓
Cr Barbara Alexander, Chair Finance & Operations Committee	✓	✓	✓	✓
Cr Peter Davis		✓	✓	✓

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.

For 2017-18 and onwards, the Victorian Auditor General's Office has adopted a new three-year planning cycle for performance audits.

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 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: 29 July 2020
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: 29 July 2020
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: 29 July 2020
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
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> : 13 November 2019

Governance and Management Item	Assessment
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> : 2 October 2019
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: 19 September 2019
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: 13 November 2019 10 June 2020
18. Financial reporting Quarterly statements to the Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure	✓ Statements Date Statements presented to Council in accordance with section 138(1) of the Act: 20 May 2020 29 January 2020 6 November 2019 25 September 2019

Governance and Management Item	Assessment
19. Risk reporting Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies	✓ Report 26 November 2019 19 May 2020
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	✓ Report 13 November 2019 10 June 2020
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	✓ Considered at a meeting of Council in accordance with section 134 of the Act Council Meeting: 13 November 2019
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	✓ Reviewed in accordance with section 76C of the Act Date reviewed: 1 February 2017
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	✓ Reviewed in accordance with section 98(6) of the Act Date of review: 21 May 2020
24. Meeting procedures A local law governing the conduct of meetings of Council and special committees	✓ Governance local law (incorporating meeting procedures) made in accordance with section 91(1) of the Act Date Local Law gazetted: 31 August 2016

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



Dom Testoni
Chief Executive Officer
7 October 2020



Cr Danny Claridge
Mayor
7 October 2020

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020



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 14,037.

During the financial year the council experienced restrictions associated with the COVID-19 pandemic which resulted in the temporary closure of the Benalla Art Gallery, Benalla Aquatic Centre, Benalla Performing Arts and Convention Centre (BPACC), Sir Edward 'Weary' Dunlop Learning Centre (Benalla Library), Visitor Information Centre and various community centres. The pandemic saw staff working remotely resulting in an increase in occupational health and safety costs to help ensure their wellbeing. The Council also adopted a COVID-19 Financial Hardship Policy to assist ratepayers impacted by the pandemic.

SUSTAINABLE CAPACITY INDICATORS

For the year ended 30 June 2020

Indicator / measure	2017	2018	2019	2020	Material Variation
Population					
Expenses per head of municipal population <i>Total expenses / Municipal population</i>	\$2,210	\$2,138	\$2,239	\$2,808	The results for this measure has increased due to increased expense decrement in revaluation of drainage assets \$4.649 million and additional landfill rehabilitation provision expense of \$1.269 million.
Infrastructure per head of municipal population <i>Value of infrastructure / Municipal population</i>	\$13,653	\$14,498	\$15,828	\$15,345	
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>	\$1,554	\$1,544	\$1,628	\$1,688	
Recurrent grants					
Recurrent grants per head of municipal population <i>Recurrent grants / Municipal population</i>	\$724	\$533	\$508	\$531	
Disadvantage					
Relative socio-economic disadvantage <i>Index of Relative Socio-economic Disadvantage by decile</i>	2	2	2	2	Benalla Rural City was ranked 17 out of 79 LGAs in Victoria.
Workforce turnover					
Percentage of staff turnover <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	16%	13%	10%	7.5%	The result for this measure has decreased due to less staff resignations and terminations in 2019/20.

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 2020

Indicator / measure	2017	2018	2019	2020	Material Variation
AQUATIC FACILITIES					
Utilisation					
Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	7	7	7	5	The result for this measure has decreased due to the Aquatic Centre closure as part of Stage 3 COVID-19 pandemic restrictions.
ANIMAL MANAGEMENT					
Health and safety					
Animal management prosecutions <i>[Total number of successful animal management prosecutions / Total number of animal management prosecutions] x 100]</i>	New in 2020	New in 2020	New in 2020	0%	New measure for 2019-20 financial year. There were no animal management prosecutions.
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 a food premises] x100</i>	0%	0%	0%	100%	The result for this measure has increased due to one non-compliance notification being recorded in 2019.
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>	51	51	56	54	
LIBRARIES					
Participation					
Active library borrowers in municipality <i>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x100</i>	19%	18%	18%	17%	
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>	80%	81%	80%	79%	
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>	88%	86%	89%	76%	The result for this measure has decreased due to a number of Aboriginal children moving to different care arrangements.

SERVICE PERFORMANCE INDICATORS

For the year ended 30 June 2020

Indicator / measure	2017	2018	2019	2020	Material Variation
ROADS					
Satisfaction					
Satisfaction with sealed local roads	49	43	54	49	The result for this measure has decreased as roadworks returned to normal levels in 2020 following an increase in 2019 when additional roadworks were undertaken.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
STATUTORY PLANNING					
Decision making					
Council planning decisions upheld at VCAT	100%	67%	0%	50%	The result for this measure has increased as there were two decisions taken to VCAT in 2019/20 which resulted in one matter being affirmed and one matter being set aside.
[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100					
WASTE COLLECTION					
Waste diversion					
Kerbside collection waste diverted from landfill	62%	61%	61%	61%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

Definitions

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

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

"active library 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.

"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.

"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.

"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 2020

Indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
EFFICIENCY									
Expenditure level ¹									
Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$3,722	\$3,731	\$3,924	\$4,874	\$4,033	\$4,121	\$4,183	\$4,288	The result for this measure has been impacted by the correction to drainage asset ages of \$4.649 million recognised as impairment cost. Increased contribution to Provision for Landfill Rehabilitation by \$1.296 million for future bi-annual audit costs required to be recognised for the life of landfill cell rehabilitation monitoring.
Revenue level ²									
Average rate per property assessment <i>[General rates and Municipal charges / Number of property assessments]</i>	New in 2020	New in 2020	New in 2020	\$1,850	\$1,887	\$1,912	\$1,936	\$1,962	New measure for 2019-20 financial year.
LIQUIDITY									
Working capital ¹									
Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	157%	164%	215%	187%	188%	213%	254%	311%	The decrease is due to recognition of an unearned income liability for the first time in 2019/20 due to the implementation of AASB 15/1058 and recognition of lease liabilities for the first time in 2019/20 due to the implementation of AASB 16. The measure has increased over the last four years due to an increase in cash in bank. Liquidity levels in the four-year forecast are anticipated to increase due to forecast smaller capital works programs.

1. The forecast numbers for this measure differ from those published in the adopted 2020-21 Budget due to amendments to the final 2020/21 Budget in which budget forecast indicator balances were not amended.

2. The forecast numbers for this measure differ from those published in the adopted 2020-21 Budget. The budget data only includes residential rate revenue, compared to the performance statements which includes all property types in the calculation. The difference in methods is due to a change in the Local Government Performance Reporting indicators for 2019-20 (previously used residential data consistent with the budget).

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2020

Indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
LIQUIDITY									
Unrestricted cash ¹									
Unrestricted cash compared to current liabilities <i>[Unrestricted cash / Current liabilities] x100</i>	106%	29%	51%	63%	150%	173%	211%	267%	The results for this measure has increased due to \$2.2 million income (Financial Assistance Grants) attributable to the 2020/21 financial year received in June 2020. Current Liabilities have increased to a lesser extent based on the recognition of unearned Income. This ratio is expected to increase in the forecast years and current liabilities will decrease as the prepaid income is earned during 2020-21.
OBLIGATIONS									
Loans and borrowings ¹									
Loans and borrowings compared to rates <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	35%	31%	27%	21%	26%	20%	19%	15%	The results for this measure have decreased between 2017 and 2020 due to loan repayments over these periods with no additional loans taken out. There is an increase in 2021 due to a budgeted additional loan of \$900,000 to fund capital works, with subsequent decreases from 2022 to 2024 due to further forecasted loan repayments of these periods with no further forecasted additional borrowings.
Loans and borrowings ¹									
Loans and borrowings repayments compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	8%	7%	6%	5%	5%	6%	5%	4%	The results for this measure has decreased due to a reduction in variable loan interest rates allowing for an increase in principal repayments. Nil new borrowing in 2019/20.

1. The forecast numbers for this measure differ from those published in the adopted 2020-21 Budget due to amendments to the final 2020/21 Budget in which budget forecast indicator balances were not amended.

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2020

Indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
OBLIGATIONS									
Indebtedness ¹									
Non-current liabilities compared to own source revenue	57%	52%	54%	52%	53%	47%	47%	43%	
[Non-current liabilities / Own source revenue] x100									
Asset renewal and upgrade ²									
Asset renewal and upgrade compared to depreciation	New in 2020	New in 2020	New in 2020	51%	78%	55%	61%	34%	New measure for 2019-20 financial year.
[Asset renewal and upgrade expense / Asset depreciation] x100									
OPERATING POSITION									
Adjusted underlying result ¹									
Adjusted underlying surplus (or deficit)	5%	-0.29%	-0.19%	-21%	-12%	-5%	-5%	-6%	The result for this measure has been impacted by the correction to drainage asset ages of \$4.649 million recognised as impairment cost and additional landfill rehabilitation provision expense \$1.269 million for future bi-annual audit costs required to be recognised for the life of landfill cell rehabilitation monitoring.
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									

1. The forecast numbers for this measure differ from those published in the adopted 2020-21 Budget due to amendments to the final 2020/21 Budget in which budget forecast indicator balances were not amended.

2. The forecast numbers for this measure differ from those published in the adopted 2020-21 Budget. These differences are a result of both the budget amendments detailed above and due to the budget calculation including only asset renewal, however, this performance statement includes asset upgrades as well. The difference in methods is due to a change in the Local Government Performance Reporting indicators 2019-20 (previously used on asset renewal consistent with the budget).

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2020

Indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
STABILITY									
Rates concentration ¹									
Rates compared to adjusted underlying revenue	52%	56%	56%	57%	64%	60%	60%	61%	
<i>[Rate revenue / Adjusted underlying revenue] x100</i>									
Rates effort									
Rates compared to property values	0.64%	0.67%	0.66%	0.63%	0.62%	0.62%	0.63%	0.63%	
<i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>									

1. The forecast numbers for this measure differ from those published in the adopted 2020-21 Budget due to an error in the calculation of the Rates Concentration Indicator.

FINANCIAL PERFORMANCE INDICATORS

For the year ended 30 June 2020

RETIRED MEASURES

Indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
ANIMAL MANAGEMENT					
Health and safety					
Animal management prosecutions <i>[Number of successful animal management prosecutions]</i>	5	0	0	Retired in 2020	This measure was retired in 2020.
EFFICIENCY					
Revenue level					
Average residential rate per residential property assessment <i>[Residential rate revenue / Number of residential property assessments]</i>	\$1,644	\$1,700	\$1,821	Retired in 2020	This measure was retired in 2020.
OBLIGATIONS					
Asset renewal					
Asset renewal compared to depreciation <i>[Asset renewal expense / Asset depreciation] x100</i>	57%	45%	32%	Retired in 2020	This measure was retired in 2020.

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

"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 2020

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. *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 29 July 2020 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
7 October 2020

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 Danny Claridge
Mayor
7 October 2020



Cr Barbara Alexander
Councillor
7 October 2020



Dom Testoni
Chief Executive Officer
7 October 2020

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 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • other information and • the 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 2020 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>. I and my staff 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 and 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 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 determines 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 Engagements will always detect a material misstatement when it exists.</p>

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 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 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
9 October 2020



Sanchu Chummar
as delegate for the Auditor-General of Victoria

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

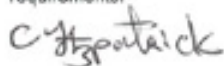


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Certification of the Financial Statements

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 : 7 October 2020

Benalla

In our opinion the accompanying financial statements present fairly the financial transactions of Benalla Rural City Council for the year ended 30 June 2020 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.



Danny Claridge
Councillor

Date : 7 October 2020

Benalla



Barbara Alexander
Councillor

Date : 7 October 2020

Benalla



Dom Testoni
Chief Executive Officer

Date : 7 October 2020

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 2020 • 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 2020 and their 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's 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.



Sanchu Chummar

as delegate for the Auditor-General of Victoria

MELBOURNE
9 October 2020

Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	18,487	17,702
Statutory fees and fines	3.2	662	509
User fees	3.3	4,261	4,303
Grants - operating	3.4	7,150	7,021
Grants - capital	3.4	3,069	2,296
Contributions - monetary	3.5	586	767
Contributions - non monetary	3.5	1,021	20
Net gain on disposal of property, infrastructure, plant and equipment	3.6	4	82
Other income	3.7	277	233
Total income		35,517	32,933
Expenses			
Employee costs	4.1	11,980	11,735
Materials and services	4.2	13,431	12,544
Depreciation	4.3	6,693	5,484
Amortisation - intangible assets	4.4	512	529
Amortisation - right of use assets	4.5	297	-
Bad and doubtful debts	4.6	31	12
Borrowing costs	4.7	135	182
Finance costs - leases	4.8	33	-
Other expenses	4.9	6,302	910
Total expenses		39,414	31,396
Surplus/(deficit) for the year		(3,897)	1,537
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1 (a)	(1,490)	14,998
Total comprehensive result		(5,387)	16,535

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

Balance Sheet As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	9,577	6,324
Trade and other receivables	5.1 (c)	1,939	2,740
Other financial assets	5.1 (b)	4,326	5,245
Inventories	5.2 (a)	20	33
Other assets	5.2 (b)	139	97
Total current assets		16,001	14,439
Non-current assets			
Property, infrastructure, plant and equipment	6.1	253,109	260,266
Right-of-use assets	5.8	610	-
Intangible assets	5.2 (c)	674	1,074
Total non-current assets		254,393	261,340
Total assets		270,394	275,779
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	1,543	2,422
Trust funds and deposits	5.3 (b)	889	734
Unearned income	5.3 (c)	1,371	-
Provisions	5.5	3,479	2,691
Interest-bearing liabilities	5.4	898	870
Lease liabilities	5.8	365	-
Total current liabilities		8,545	6,717
Non-current liabilities			
Provisions	5.5	9,035	8,479
Interest-bearing liabilities	5.4	3,002	3,910
Lease liabilities	5.8	261	-
Total non-current liabilities		12,298	12,389
Total liabilities		20,843	19,106
Net assets		249,551	256,673
Equity			
Accumulated surplus		136,442	142,238
Reserves	9.1	113,109	114,435
Total Equity		249,551	256,673

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

Statement of Changes in Equity For the Year Ended 30 June 2020

2020	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		256,673	142,238	113,870	565
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(1,104)	(1,104)	-	-
Impact of change in accounting policy - AASB 1058 Income of Not-for-Profit Entities	10	(631)	(631)	-	-
Adjusted Opening balance		254,938	140,503	113,870	565
Surplus/(deficit) for the year		(3,897)	(3,897)	-	-
Net asset revaluation increment/(decrement)	9.1 (b)	(1,490)	-	(1,490)	-
Transfers to other reserves	9.1 (b)	-	(164)	-	164
Balance at end of the financial year		249,551	136,442	112,380	729

2019		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		238,477	139,093	98,872	512
Recognition of found assets drainage	8.6	1,661	1,661	-	-
Surplus for the year		1,537	1,537	-	-
Net asset revaluation increment		14,998	-	14,998	-
Transfers to other reserves	9.1 (b)	-	15	-	(15)
Transfers from other reserves	9.1 (b)	-	(68)	-	68
Balance at end of the financial year		256,673	142,238	113,870	565

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 2020

		2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		18,507	17,460
Statutory fees and fines		662	509
User fees		4,261	4,303
Grants - operating		7,039	7,021
Grants - capital		2,876	2,296
Contributions - monetary		528	767
Interest received		125	162
Net GST refund/payment		1,353	1,098
Employee costs		(11,905)	(11,526)
Materials and services		(14,175)	(12,320)
Short-term, low value and variable lease payments		(195)	-
Other payments		(260)	(1,549)
Net cash provided by/(used in) operating activities	9.2	8,816	8,221
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(5,049)	(4,502)
Payments for intangible assets	5.2	(112)	(4,502)
Proceeds from sale of property, infrastructure, plant and equipment		7	470
Proceeds from sale of investments		919	(970)
Net cash provided by/(used in) investing activities		(4,235)	(9,504)
Cash flows from financing activities			
Finance costs		(135)	(182)
Proceeds from borrowings		-	500
Repayment of borrowings		(880)	(946)
Interest paid - lease liability		(33)	-
Repayment of lease liabilities - principle portion		(280)	-
Net cash provided by/(used in) financing activities		(1,328)	(628)
Net increase (decrease) in cash and cash equivalents		3,253	2,591
Cash and cash equivalents at the beginning of the financial year		6,324	3,733
Cash and cash equivalents at the end of the financial year		9,577	6,324
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 2020

	Note	2020 \$'000	2019 \$'000
Property			
Building		314	174
Total buildings		314	174
Total property		314	174
Plant and equipment			
Art		-	20
Plant, machinery and equipment		39	501
Fixtures, fittings and furniture		6	8
Computers and telecommunications		213	171
Library books		92	108
Total plant and equipment		350	808
Infrastructure			
Roads		3,195	1,725
Footpaths and cycleways		91	129
Drainage		-	26
Waste management		222	1,434
Parks, open space and streetscapes		840	-
Aerodromes		93	206
Off street car parks		14	
Total infrastructure		4,455	3,520
Total capital works expenditure		5,119	4,502
Represented by:			
New asset expenditure		1,677	1,954
Asset renewal expenditure		2,110	1,922
Asset expansion expenditure		-	2
Asset upgrade expenditure		1,332	624
Total capital works expenditure		5,119	4,502

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

Notes to the Financial Report For the Year Ended 30 June 2020

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)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- 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 (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Notes to the Financial Report For the Year Ended 30 June 2020

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 the lower 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.

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 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Income					
Rates and charges	18,347	18,487	140	1%	1
Statutory fees and fines	384	662	278	72%	2
User fees	3,995	4,261	266	7%	3
Grants - operating	4,499	7,150	2,651	59%	4
Grants - capital	2,910	3,069	159	5%	5
Contributions - monetary	200	586	386	193%	6
Contributions - non monetary	450	1,021	571	127%	7
Net gain on disposal of property, infrastructure, plant and equipment	25	4	(21)	-84%	8
Other income	187	277	90	48%	9
Total income	30,997	35,517	4,520	15%	
Expenses					
Employee costs	11,945	11,980	(35)	0%	
Materials and services	12,147	13,431	(1,284)	-11%	10
Depreciation	6,381	6,693	(312)	-5%	11
Amortisation - Intangible assets	-	512	(512)	0%	12
Amortisation - Right of use assets	-	297	(297)	0%	13
Bad and doubtful debts	15	31	(16)	-107%	14
Borrowing costs	170	135	35	21%	15
Finance costs - Leases	-	33	(33)	0%	16
Other expenses	392	6,302	(5,910)	-1508%	17
Total expenses	31,050	39,414	(8,364)	-27%	
Surplus/(deficit) for the year	(53)	(3,897)	(3,844)	7253%	

Notes to the Financial Report For the Year Ended 30 June 2020

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 raised \$140,000.
2	Statutory fees and fines	Significantly higher Planning fees received due to solar farm planning applications in 2019/20.
3	User fees	Landfill Internal charge \$132,000 higher with additional collections from Landfill admission charges \$96,000, additional Airport Hangar leases \$55,000.
4	Grants - operating	\$2.2 million in recurrent operational income (Financial Assistance Grants) attributable to the 2020/21 financial year was received in June 2020.
5	Grants - capital	Accelerated Roads to Recovery funding in 2019/20 not budgeted for.
6	Contributions - monetary	Contributions not budgeted for received for various community events and programs, including Sir Edward 'Weary' Dunlop Learning Centre (Benalla Library), Benalla Art Gallery, Benalla Performing Arts and Convention Centre, Community Development programs and Developer Open Space.
7	Contributions - non monetary	Donation of rock towards upgrade of Williams Road, Liam South and developer subdivision assets.
8	Net gain on disposal of property, infrastructure, plant and equipment	Only minor plant and equipment disposed of in 2019/20.
9	Other income	WorkCover reimbursement significantly more than budget due to higher staff numbers receiving WorkCover payments. This was offset by reduced interest income as a result of lower term deposit rates.
10	Materials and services	Contract payments \$0.996 million more than budgeted covering unbudgeted grant funded projects includes Raise the Roof Equestrian Facility Project \$0.300 million, Combating Weeds and Pests During Drought Benalla and Moria Council Alliance project \$0.123 million, Exclusion fencing to enhance wild dog control in North East Victoria \$42,000, Start up Shake Up Project expenses \$12,940. Recognition of Volunteer Services expense \$0.338 million no budget set prior. Higher EPA Levy \$43,178 due to increased volume at Landfill.
11	Depreciation	Depreciation on found drainage assets in 2019/20 additional charge not budgeted for \$432,651.
12	Amortisation - Intangible assets	Amortisation of intangible assets budgeted under depreciation. Landfill Cell 3 \$494,000, software \$17,997 no budget set prior.
13	Amortisation - Right of use assets	New leasing standard AASB16 started 1 July 2019 no budget set prior.
14	Bad and doubtful debts	Aged outstanding debts continuing to be actioned by debt collection agency.
15	Borrowing costs	Variable loan interest rates have fallen 0.92% which has significantly reduced interest costs.
16	Finance costs - Leases	New leasing standard AASB16 started 1 July 2019 no budget set prior.
17	Other expenses	Revaluation of drainage assets, including correction to asset ages resulted in \$4.649 million recognised as impairment cost. Increased contribution to Provision for Landfill Rehabilitation by \$1.296 million of future bi-annual audit costs required to be recognised for the life of landfill cell rehabilitation monitoring.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000	Variance %	Ref
Building	1,210	314	(896)	-74%	1
Total buildings	1,210	314	(896)	-74%	
Total property	1,210	314	(896)	-74%	
Plant and equipment					
Plant, machinery and equipment	402	39	(363)	-90%	2
Fixtures, fittings and furniture	100	6	(94)	-94%	3
Computers and telecommunications	360	213	(147)	-41%	4
Library books	90	92	2	2%	
Total plant and equipment	952	350	(602)	-63%	
Infrastructure					
Roads	3,174	3,195	21	1%	
Footpaths and cycleways	100	91	(9)	-9%	
Drainage	25	-	(25)	-100%	5
Recreational, leisure and community facilities	800	-	(800)	-100%	6
Waste management	1,360	222	(1,138)	-84%	7
Parks, open space and streetscapes	50	840	790	1580%	8
Aerodromes	-	93	93	0%	9
Off street car parks	14	14	-	0%	
Total infrastructure	5,523	4,455	(1,068)	-19%	
Total capital works expenditure	7,685	5,119	(2,566)	-33%	
Represented by:					
New asset expenditure	3,295	1,677	(1,618)	-49%	
Asset renewal expenditure	3,140	2,110	(1,030)	-33%	
Asset upgrade expenditure	1,250	1,332	82	7%	
Total capital works expenditure	7,685	5,119	(2,566)	-33%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	Arundel Street Ovals Facility Upgrade \$600,000 commencement delayed, Raise The Roof - Benalla Covered Riding Arena community asset \$400,000 constructed but not owned by Council, additional Building Energy Upgrade Grants received.
2	Plant, machinery and equipment	Delay in delivery of Major Road plant due to COVID-19
3	Fixtures, fittings and furniture	New projector project at cinema did not proceed.
4	Computers and telecommunications	Asset Management system and Digitisation of the Benalla Art Gallery Collection treated as intangible asset \$38,321. Server project \$110,000 delayed until 2020 due to COVID-19.
5	Drainage	\$26,000 Works undertaken in 2019/20 were of a maintenance nature.
6	Recreational, leisure and community	Splash Park budgeted in recreation area constructed in Parks see note 8.
7	Waste management	Approvals for site location for Transfer Station and E Waste Shed projects delayed construction in 2019/20.
8	Parks, open space and streetscapes	Benalla Splash Park 2019/20 \$840,000 constructed in Lake Precinct see note 6.
9	Aerodromes	Benalla Airport Redevelopment construction of amenities building finalised in October 2019, but budgeted in the 2018/19 year.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Chief Executive Officer Division

Corporate Division

2 (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 its various programs: Arts, Communication, Tourism and Events, Capital Projects, Community, Development, Facilities, Finance, Operations, People and Performance.

2 (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
2020					
Chief Executive Officer Division	406	1,376	(970)	209	-
Corporate Division	35,111	38,038	(1,639)	10,011	270,394
	35,517	39,414	(3,897)	10,220	270,394
	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	275,779
	32,933	31,396	1,537	9,317	275,779

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 3 Funding for the delivery of our services	2020	2019
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 2019/20 was \$3.055 million (2018/19 \$2.640 million).

General rates	12,935	12,366
Municipal charge	1,883	1,833
Waste management charge	3,251	2,954
Supplementary rates and rate adjustments	139	147
Interest on rates and charges	53	87
Revenue in lieu of rates	226	315
Total rates and charges	18,487	17,702

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 January 2020.

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	20	26
Court recoveries	-	5
Town planning fees	387	258
Land information certificates	17	19
Permits	238	201
Total statutory fees and fines	662	509

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	462	400
Leisure centre and recreation	1,105	1,455
Children and Youth	16	-
Registration and other permits	276	227
Waste management services	2,239	2,063
Operations	103	116
Other fees and charges	60	42
Total user fees	4,261	4,303
User fees by timing of revenue recognition		
User fees recognised at a point in time	4,261	4,303
Total user fees	4,261	4,303

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	6,508	6,160
State funded grants	3,711	3,157
Total grants received	10,219	9,317

**Notes to the Financial Report
For the Year Ended 30 June 2020**

3.4 Funding from other levels of government (cont.)	2020 \$'000	2019 \$'000
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	4,258	4,336
General home care	759	894
Recurrent - State Government		
Aged care	235	136
School crossing supervisors	79	72
Libraries	150	146
Maternal and child health	202	219
Creative Arts Victoria	105	105
Youth Programs & Family Support	476	450
Fire Service Property Levy	44	43
Total recurrent operating grants	6,308	6,401
Non-recurrent - Commonwealth Government		
Paid Parental Leave	25	26
Environmental planning	165	165
Stronger Communities Program	-	18
COVID-19 Emergency Support	12	-
Non-recurrent - State Government		
Walk to School Project	15	15
Environmental Projects	38	74
Emergency Resourcing	47	60
Resilient Communities	35	45
Youth Programs & Family Support	63	50
Planning Projects	39	52
Maternal Child Health	8	83
Facilities	373	-
Other	22	32
Total non-recurrent operating grants	842	620
Total operating grants	7,150	7,021
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,146	721
Recurrent - State Government		
Total recurrent capital grants	1,146	721
Non-recurrent - Commonwealth Government		
Airport Redevelopment	143	-
Non-recurrent - State Government		
Sustainability Victoria - Building Energy Upgrades	81	25
Sustainability Victoria - Transfer Station	95	20
Department of Health & Human Services - Arundel Street Sport Precinct Upgrade	6	200
Regional Roads Victoria	1,098	948
Department of Jobs, Precincts and Regions - Benalla Splash Park	500	-
Other	-	382
Total non-recurrent capital grants	1,923	1,575
Total capital grants	3,069	2,296

**Notes to the Financial Report
For the Year Ended 30 June 2020**

3.4 Funding from other levels of government (cont.)	2020 \$'000	2019 \$'000
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(c) Unspent grants received on condition that they be spent in a specific manner

Operating

Balance at start of year	917	233
Received during the financial year and remained unspent at balance date	549	789
Received in prior years and spent during the financial year	(660)	(105)
Balance at year end	<u>806</u>	<u>917</u>

Capital

Balance at start of year	631	-
Received during the financial year and remained unspent at balance date	250	631
Received in prior years and spent during the financial year	(444)	-
Balance at year end	<u>437</u>	<u>631</u>

Operating grant income with sufficiently specific performance obligations is recognised over time, in accordance with AASB 15, as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific operating grant revenue is recognised, in accordance with AASB 1058, on the earlier of receive or when unconditional right to receipt has been established.

Capital grants are recognised over time, in accordance with AASB 1058, when the obligations of the underlying agreements are met. This is normally in line with the stage of completion of the underlying non-financial assets being constructed.

3.5 Contributions

Monetary	586	767
Non-monetary	1,021	20
Total contributions	<u>1,607</u>	<u>787</u>

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

Roads - Williams Road	264	20
Gifted Roads From Subdivisions	369	-

Contributions of non monetary services were received in relation to the following.

Recognition of Volunteer Services	388	-
Total non-monetary contributions	<u>1,021</u>	<u>20</u>

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

Recognition of the non monetary value of volunteer services are recognised as both revenue and expense in the year the service is provided.

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

Proceeds of sale	7	470
Written down value of assets disposed	(3)	(388)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>4</u>	<u>82</u>

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

3.7 Other income

Interest	125	162
Other	152	71
Total other income	<u>277</u>	<u>233</u>

Interest is recognised as it is earned.

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

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020 \$'000	2019 \$'000
Note 4 The cost of delivering services		
4.1 (a) Employee costs		
Wages and salaries	10,617	10,532
WorkCover	298	197
Superannuation	1,031	981
Fringe benefits tax	34	25
Total employee costs	11,980	11,735
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	76	80
	76	80
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	491	475
Employer contributions - other funds	464	425
	955	900
Employer contributions payable at reporting date.	104	69

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

4.2 Materials and services

Materials and Services	1,630	1,618
Contract Payments	5,518	5,156
Vehicle Expenses	754	724
Services non contract	594	728
Machine Hire	161	325
Contract Staff	97	90
Consultants General	216	303
Environmental Protection Authority Levy	494	425
Electricity and Utilities	562	538
Exhibition/Performance Costs	173	175
Insurance	506	485
Memberships and Subscriptions	141	120
Repairs and Maintenance	349	323
Advertising and Promotion	104	116
Cleaning Expenses	171	165
Legal Expenses	95	105
Staff and Councillor Training / Courses	90	114
Telephone	118	196
Management Committees	139	134
Volunteers Services	388	-
Other	1,131	704
Total materials and services	13,431	12,544

Refer to note 3.5 Contributions for further information relating to Volunteers Services.

4.3 Depreciation

Property	504	423
Plant and equipment	498	481
Infrastructure	5,691	4,580
Total depreciation	6,693	5,484

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

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020	2019
	\$'000	\$'000
4.4 Amortisation - Intangible assets		
Software	18	-
Airspace at Landfill	494	529
Total Amortisation - Intangible assets	512	529
4.5 Amortisation - Right of use assets		
	2020	2019
	\$'000	\$'000
Vehicles	181	-
Plant, machinery and equipment	116	-
Total Amortisation - Right of use assets	297	-
4.6 Bad and doubtful debts		
Other debtors	31	12
Total bad and doubtful debts	31	12
Movement in provisions for doubtful debts		
Balance at the beginning of the year	34	24
New provisions recognised during the year	34	34
Amounts already provided for and written off as uncollectible	(31)	(19)
Amounts provided for but recovered during the year	(3)	(5)
Balance at end of year	34	34
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.		
4.7 Borrowing costs		
Interest - Borrowings	135	182
Total borrowing costs	135	182
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
4.8 Finance Costs - Leases		
Interest - Lease Liabilities	33	-
Total finance costs	33	-
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	41	72
Auditors' remuneration - Internal	13	16
Councillors' allowances	201	190
Contributions - Community Support and Events Street Art	129	105
Recognition of additional landfill rehabilitation provision	1,269	527
Revaluation decrement recognised in Drainage and Book stock	4,649	-
Total other expenses	6,302	910

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020 \$'000	2019 \$'000
Note 5 Our financial position		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	2	4
Cash at bank	9,575	5,293
Term deposits	-	1,027
Total cash and cash equivalents	9,577	6,324
(b) Other financial assets		
Term deposits - current	4,326	5,245
Total other financial assets	4,326	5,245
Total financial assets	13,903	11,569
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)	889	734
Total restricted funds	889	734
Total unrestricted cash and cash equivalents	8,688	5,590
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	2,029	615
- Unexpended Grants	1,243	1,548
Total funds subject to intended allocations	3,272	2,163

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 Ended 30 June 2020**

5.1 Financial assets (cont.)

	2020	2019
	\$'000	\$'000
(c) Trade and other receivables		
Current		
Rates debtors	1,221	1,242
GST - BAS Refunds	104	116
Other debtors	77	57
<i>Non statutory receivables</i>		
Other debtors	571	1,359
Provision for doubtful debts - other debtors	(34)	(34)
Total current trade and other receivables	1,939	2,740

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. Whilst this provision has been increased to factor in expected credit losses arising as a result of COVID-19 impacts, potential expected credit losses arising from this event can not be reliably estimated at the time of issue of these financial statements.

(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)	424	1,217
Past due by up to 30 days	85	53
Past due between 31 and 180 days	34	41
Past due between 181 and 365 days	19	24
Past due by more than 1 year	9	24
Total trade and other receivables	571	1,359

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$34,000 (2019: \$34,000) were impaired. The amount of the provision raised against these debtors was \$34,000 (2019: \$34,000). 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)	(34)
Total trade & other receivables	(34)	(34)

**Notes to the Financial Report
For the Year Ended 30 June 2020**

5.2 Non-financial assets	2020	2019
(a) Inventories	\$'000	\$'000
Inventories held for distribution	20	33
Total inventories	20	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	139	97
Total other assets	139	97

(c) Intangible assets

Software	94	-
Landfill air space	580	1,074
Total intangible assets	674	1,074

	Software \$'000	Landfill \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2019	35	2,185	2,220
Disposals	(35)	(1,111)	(1,146)
Additions	91	-	91
Other additions WIP	21	-	21
Balance at 30 June 2020	112	1,074	1,186
Accumulated amortisation and impairment			
Balance at 1 July 2019	(35)	(1,111)	(1,146)
Disposals	35	1,111	1,146
Amortisation expense	18	494	512
Balance at 30 June 2020	18	494	512
Net book value at 30 June 2019	-	1,074	1,074
Net book value at 30 June 2020	94	580	674

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	2020	2019
(a) Trade and other payables	\$'000	\$'000
Trade payables	1,173	2,137
Accrued expenses	370	285
Total trade and other payables	1,543	2,422
(b) Trust funds and deposits		
Refundable deposits	309	228
Retention amounts	156	56
Other refundable deposits	424	450
Total trust funds and deposits	889	734

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.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

5.3 Payables (cont.)	2020 \$'000	2019 \$'000
(c) Unearned income		
Grants received in advance - operating	806	
Grants received in advance - capital	438	
Other	127	
Total unearned income	1,371	

5.4 Interest-bearing liabilities

Current		
Borrowings - secured	898	870
	898	870
Non-current		
Borrowings - secured	3,002	3,910
	3,002	3,910
Total	3,900	4,780

Borrowings are secured by a charge over general rates.

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

Not later than one year	898	870
Later than one year and not later than five years	2,445	3,074
Later than five years	557	836
	3,900	4,780

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
2020			
Balance at beginning of the financial year	2,968	8,202	11,170
Additional provisions	959	935	1,894
Amounts used	(910)	-	(910)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	26	334	360
Balance at the end of the financial year	3,043	9,471	12,514
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

**Notes to the Financial Report
For the Year Ended 30 June 2020**

5.5 (a) Employee provisions	2020 \$'000	2019 \$'000
Current provisions expected to be wholly settled within 12		
Annual leave	915	907
Long service leave	110	124
	1,025	1,031
Current provisions expected to be wholly settled after 12 months		
Annual leave	-	-
Long service leave	1,837	1,660
	1,837	1,660
Total current employee provisions	3,479	2,691
Non-current		
Long service leave	181	277
Annual leave	-	-
Total non-current employee provisions	181	277
Aggregate carrying amount of employee provisions:		
Current	2,862	2,691
Non-current	181	277
Total aggregate carrying amount of employee provisions	3,043	2,968

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	0.57%	1.25%
- index rate	2.00%	2.00%

(b) Landfill restoration

Current	617	-
Non-current	8,854	8,202
	9,471	8,202

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%	1.20%
Settlement Rate	30 Years	30 Years
Weighted Average Discount Rate	0.57%	1.25%

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020	2019
	\$'000	\$'000
5.6 Financing arrangements		
The Council has the following funding arrangements in place as at 30 June 2020.		
Credit card facilities	100	100
Fixed Rate Loan Facilities	3,900	4,780
Total facilities	4,000	4,880
Used facilities	3,929	4,807
Unused facilities	71	73

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
2020	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Kerbside waste, recyclables	1,600	1,600	3,200	-	6,399
Recycling	260	260	520	-	1,040
Organics acceptance and processing	187	187	-	-	374
Cleaning contracts for council buildings	190	190	380	-	761
Food Services - Meals for delivery	141	70	-	-	211
Landfill - Consulting and reporting	128	45	135	-	308
Animal Management	100	100	100	-	300
Powerline Clearance, Property Service Line Clearance & Auditing Service	90	120	300	-	510
Total	2,696	2,572	4,635	-	9,902
Capital					
Plant - major plant item	432	-	-	-	432
Roads	17	-	-	-	17
Total	449	-	-	-	449
	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

Notes to the Financial Report For the Year Ended 30 June 2020

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

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

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

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

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

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

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

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

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

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

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

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Right-of-Use Assets

	Vehicles	Plant, machinery and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2019	422	-	422
Additions	177	308	485
Amortisation charge	(181)	(116)	(297)
Balance at 30 June 2020	<u>418</u>	<u>192</u>	<u>610</u>

**Notes to the Financial Report
For the Year Ended 30 June 2020**

5.8 Leases (cont.)

	2020 \$'000
Lease Liabilities	
Maturity analysis - contractual undiscounted cash flows	
Less than one year	405
One to five years	271
Total undiscounted lease liabilities as at 30 June:	<u>676</u>
Lease liabilities included in the Balance Sheet at 30 June:	
Current	365
Non-current	261
Total lease liabilities	<u>626</u>

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020 \$'000
Expenses relating to:	
Short-term leases	101
Leases of low value assets	94
Total	<u>195</u>
Variable lease payments (not included in measurement of lease liabilities)	-

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:	
Within one year	45
Later than one year but not later than five years	-
Total lease commitments	<u>45</u>

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases*.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Council is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

Impact on financial statements

On transition to *AASB 16 Leases*, Council recognised an additional \$422,000 of right-of-use assets and \$422,000 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 5.50%.

	2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	471
Discounted using the incremental borrowing rate at 1 July 2019	(43)
Finance lease liability recognised as at 30 June 2019	<u>428</u>
- Recognition exemption for: short-term leases	(6)
- Lease liabilities recognised as at 1 July 2019	<u>422</u>

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019	Additions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Transfers to Intangible Assets	At Fair Value 30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	59,821	248	-	-	(504)	-	-	-	59,565
Plant and equipment	27,834	350	-	(123)	(498)	(3)	-	-	27,560
Infrastructure	172,396	2,586	632	(6,016)	(5,691)	-	51	-	163,958
Work in progress	213	1,936	-	-	-	-	(51)	(73)	2,025
Total	260,265	5,120	632	(6,139)	(6,693)	(3)	-	(73)	253,109

Summary of Work in Progress

	Opening WIP	Additions	Transfers to Intangible	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	-	67	-	-	67
Infrastructure	213	1,869	(73)	(51)	1,958
Total	213	1,936	(73)	(51)	2,025

**Notes to the Financial Report
For the Year Ended 30 June 2020**

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land & Land Improvements	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	19,594	10,122	7,996	37,712	37,547	4,634	42,181	-	79,893
Accumulated depreciation at 1 July 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
Movements in fair value									
Additions	-	-	-	-	239	9	248	67	315
	-	-	-	-	239	9	248	67	315
Movements in accumulated depreciation									
Depreciation	-	-	-	-	(446)	(58)	(504)	-	(504)
	-	-	-	-	(446)	(58)	(504)	-	(504)
At fair value 30 June 2020	19,594	10,122	7,996	37,712	37,786	4,643	42,429	67	80,208
Accumulated depreciation at 30 June 2020	-	-	-	-	(17,540)	(3,036)	(20,576)	-	(20,576)
	19,594	10,122	7,996	37,712	20,246	1,607	21,853	67	59,632

Notes to the Financial Report
For the Year Ended 30 June 2020

(b) Plant and Equipment

	Art Works	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	25,328	3,277	2,091	554	893	32,142
Accumulated depreciation at 1 July 2019	-	(1,683)	(1,795)	(330)	(500)	(4,308)
	25,328	1,594	296	224	393	27,834
Movements in fair value						
Additions	-	39	6	213	92	350
Revaluation	-	-	-	-	(81)	(81)
Disposal	-	(19)	(125)	-	(141)	(285)
	-	20	(119)	213	(130)	(16)
Movements in accumulated depreciation						
Depreciation	-	(179)	(86)	(144)	(89)	(498)
Accumulated depreciation of disposals	-	18	123	-	141	282
Revaluation	-	-	-	-	(42)	(42)
	-	(161)	37	(144)	10	(258)
At fair value 30 June 2020	25,328	3,297	1,972	767	763	32,126
Accumulated depreciation at 30 June 2020	-	(1,844)	(1,758)	(474)	(490)	(4,566)
	25,328	1,453	214	293	273	27,560

**Notes to the Financial Report
For the Year Ended 30 June 2020**

(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 2019	205,345	41,002	7,640	24,603	192	5,659	871	2,885	38	51	213	288,498
Accumulated depreciation at 1 July 2019	(76,502)	(22,263)	(3,945)	(8,994)	(134)	(2,834)	(60)	(1,124)	(5)	(28)	-	(115,889)
	128,843	18,739	3,695	15,609	58	2,825	811	1,761	33	23	213	172,609
Movements in fair value												
Additions	2,388	-	91	-	-	-	-	93	14	-	1,869	4,455
Contributions	507	-	-	125	-	-	-	-	-	-	-	632
Revaluation	(2,651)	-	-	(2,155)	-	-	-	-	-	-	-	(4,806)
Disposal	-	-	-	-	-	(2,784)	-	-	-	-	-	(2,784)
Transfers	-	-	-	-	-	-	-	51	-	-	(124)	(73)
	244	-	91	(2,030)	-	(2,784)	-	144	14	-	1,745	(2,576)
Movements in accumulated depreciation												
Depreciation	(3,050)	(461)	(201)	(604)	(14)	(1,154)	(70)	(133)	(3)	(1)	-	(5,691)
Revaluation	2,307	-	-	(3,517)	-	-	-	-	-	-	-	(1,210)
Accumulated depreciation of disposals	-	-	-	-	-	2,784	-	-	-	-	-	2,784
	(743)	(461)	(201)	(4,121)	(14)	1,630	(70)	(133)	(3)	(1)	-	(4,117)
At fair value 30 June 2020	205,589	41,002	7,731	22,573	192	2,875	871	3,029	52	51	1,958	285,922
Accumulated depreciation at 30 June 2020	(77,245)	(22,724)	(4,146)	(13,115)	(148)	(1,204)	(130)	(1,257)	(8)	(29)	-	(120,006)
	128,344	18,278	3,585	9,458	44	1,671	741	1,772	44	22	1,958	165,916

* Restatement of opening balances, refer note 8.6

**Notes to the Financial Report
For the Year Ended 30 June 2020**

6.1 (c) 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	5
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

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.

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.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

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

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.

Council has assessed the impact of COVID-19 and have not identified any indicators of a material movement as a result. However, given the lack of recent transactions the full impact of COVID-19 cannot be reliably estimated at balance date.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	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	-	-	20,246	Jun-19
Non specialised Buildings	-	1,607	-	Jun-19
Total	-	11,729	47,836	

Valuation of infrastructure

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

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

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 2020 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	128,344	Jun-19
Bridges	-	-	18,278	Jun-19
Footpaths and cycleways	-	-	3,585	Jun-19
Drainage	-	-	9,458	Jun-20
Recreational, leisure and community facilities	-	-	44	Jun-19
Waste management	-	-	1,671	Jun-19
Parks, open space and streetscapes	-	-	741	Jun-19
Off street car parks	-	-	44	Jun-19
Aerodromes	-	-	1,772	Jun-19
Other infrastructure	-	-	22	Jun-19
Total	-	-	163,958	

**Notes to the Financial Report
For the Year Ended 30 June 2020**

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

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 are calculated on a square metre basis and ranges from \$200 to \$2,400 per square metre. This rate has been determined by LG Valuations Services. 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.

	2020	2019
Reconciliation of specialised land	\$'000	\$'000
Land under roads	7,996	7,996
Parks and reserves	19,594	19,594
Total specialised land	27,590	27,590

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 7 People and relationships	2020 No.	2019 No.
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 Danny Claridge (Mayor) (Oct 2016 - 30 June 2020)	1	1
Councillor Barbara Alexander AO (July 2016 - 30 June 2020)	1	1
Councillor Peter Davis (July 2016 - 30 June 2020)	1	1
Councillor Don Firth (Oct 2016 - 30 June 2020)	1	1
Councillor Bernie Hearn (Oct 2016 - 30 June 2020)	1	1
Councillor Scott Upston (Oct 2016 - 30 June 2020)	1	1
Councillor Willie van Wersch (Oct 2016 - 30 June 2020)	1	1
Total Number of Councillors	7	7
Total of Chief Executive Officer and other Key Management Personnel	2	3
Chief Executive Officer:		
Dom Testoni		
General Managers:		
Robert Barber		
Total Number of Key Management Personnel	9	10
(c) Remuneration of Key Management Personnel	2020 \$'000	2019 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	571	590
Long-term benefits	10	6
Post employment benefits	35	35
Total	616	631
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2020 No.	2019 No.
\$20,000 - \$29,999	5	6
\$30,000 - \$39,999	1	-
\$50,000 - \$59,999	1	1
\$80,000 - \$89,999	-	1
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	2
\$220,000 - \$229,999	1	-
	9	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 \$151,000		
The number of Senior Officers are shown below in their relevant income bands:		
Income Range:		
< \$151,000	-	1
\$151,000 - \$159,999	2	1
	2	2
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	307	299

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020 No.	2019 No.
7.2 Related party disclosure		
(a) Transactions with related parties		
There is one related party transactions exceeding \$5,000 - any related party transaction below \$5,000 are at arm's length and on normal commercial terms.		
<i>Council transactions with Councillor Willie van Wersch in 2019/20 totalled \$19,938:</i>	20	-
<i>Council contribution towards construction costs of footpath (Council Asset) at 34 Nunn Street , Benalla associated with the building development being undertaken by him at that address \$14,960.</i>		
<i>Footpath works undertaken at Council's request as a cost effective means of linking a newly constructed footpath outside a unit development to the existing footpath network. Developer's role as a councillor had no influence on the project nor payment .</i>		
<i>Council contribution towards materials and construction costs for the erection of Christmas tree on pontoon in Lake Benalla \$4,987 payment was from savings in Mayoral and Councillor allowances allocated to community project.</i>		
(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.		

Notes to the Financial Report For the Year Ended 30 June 2020

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent Assets

Council has no contingent assets as at 30 June 2020 (2019: 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 2021 are \$78,000.

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 2020 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.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no material impact on the transactions and balances recognised in the financial statements.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Notes to the Financial Report For the Year Ended 30 June 2020

8.3 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. 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.

8.3 (c) Credit risk

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

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

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

There are no material financial assets which are individually determined to be impaired.

The impact of COVID-19 on Council's credit risk can not be reliably estimated at the time of these financial statements were issued, however it is not expected to have a material impact on the balance disclosed in these financial statements.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

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 (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 0.35%.

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

Notes to the Financial Report For the Year Ended 30 June 2020

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets 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

On 6th August 2020, the Premier of Victoria introduced stage 3 restrictions for regional Victoria in relation to the COVID-19 pandemic. The financial impact on Council is minimal. The services impacted have been detailed within note 8.7. No other matters have occurred after balance date that require disclosure in the financial report.

8.6 Adjustments directly to equity

Following a review of Infrastructure Drainage Asset registers Council found drainage assets to the value of \$2.948 million that were not reflected in the asset register. In 2019 these assets adjustments have been brought to account as an adjustment to the Council's accumulated surplus in the 2018-19 year.

	2020 \$'000	2019 \$'000
Found Assets		
Infrastructure	-	1,661
Total Assets Found	-	1,661

The effect of Council recognising found assets in the 2019/20 year is an increase to that year's opening balance of accumulated surplus of \$2.948 million and an increase to property, infrastructure, plant and equipment of \$2.948 million.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

8.7 Impact of COVID 19 crisis on Benalla Rural City Council operations and 2019-20 financial report

On 30 January 2020, COVID 19 was declared as a global pandemic by world health organisation. Since then, various measures are taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted Benalla Rural City Council operations in the following areas for the financial year ended 30 June 2020:

In response to significant decrease in demand / government directive amidst the COVID-19 outbreak, the Benalla Aquatic centre, Sir Edward 'Weary' Dunlop Learning Centre (Benalla Library), Benalla Art Gallery, Benalla Performing Arts & Convention Centre (BPACC), Visitor Information Centre and various community centres were closed. These closures resulted in a decrease in the council user fee revenue budgeted for by \$376,000 and also decreased associated expenses as budgeted for by \$164,000.

Council activated its COVID-19 Financial Hardship policy in response to this crisis on 15 April 2020 suspending interest on rates and charges until 30 September 2020. Council penalty interest revenue earned in 2019/20 \$61,979 (2018/19 \$87,277).

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			
2020			
Property			
Land and land improvements	21,664	-	21,664
Land under Roads	617	-	617
Buildings	5,884	-	5,884
	28,165	-	28,165
Infrastructure			
Roads	60,701	(344)	60,357
Bridges	5,494	-	5,494
Footpaths and cycleways	835	-	835
Drainage	1,069	(1,069)	-
Waste management	806	-	806
Parks, open space and streetscapes	235	-	235
Aerodromes	201	-	201
Art works	16,287	-	16,287
Library Stock	77	(77)	-
	85,705	(1,490)	84,215
Total asset revaluation reserves	113,870	(1,490)	112,380

**Notes to the Financial Report
For the Year Ended 30 June 2020**

9.1 (a) Asset revaluation reserves (cont.)

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2019			
Property			
Land and land improvements	20,238	1,426	21,664
Land under Roads	-	617	617
Buildings	5,710	174	5,884
	<u>25,948</u>	<u>2,217</u>	<u>28,165</u>
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 space and streetscapes	-	235	235
Aerodromes	-	201	201
Art works	4,349	11,938	16,287
Library Stock	-	77	77
	<u>72,924</u>	<u>12,781</u>	<u>85,705</u>
Total asset revaluation reserves	98,872	14,998	113,870

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				
2020				
Resort and Recreation	60	95	-	155
Winton Land	10	-	-	10
Benalla Urban Grown Headworks Charge	78	-	-	78
Lake Mokoan Inlet Channel	417	69	-	486
Total Other reserves	565	164	-	729

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

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 3 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.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020	2019
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(3,897)	1,537
Depreciation/amortisation	7,502	6,013
Contributions - Non-monetary assets	(633)	(20)
Borrowing Cost	135	182
Finance Cost - leases	33	-
Revaluation decrement through comprehensive income	4,649	-
Opening equity adjustment on implementation of AASB 1058 and AASB 15	(1,733)	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	801	(285)
(Increase)/decrease in prepayments	(42)	(15)
Increase/(decrease) in trade and other payables	(879)	251
Increase/(decrease) in other payments	(3)	(382)
(Increase)/decrease in Unearned Income	1,371	-
(Increase)/decrease in inventories	13	-
Increase/(decrease) in trust funds and deposits	155	(95)
Increase/(decrease) in provisions	1,344	1,035
Net cash provided by/(used in) operating activities	8,816	8,221

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 Operating Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision My Super/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 2020, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of 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 AASB 119.

9.3 Superannuation (cont.)

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, 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 Benalla Rural City Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

a Rural City Council 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 30 June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 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 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

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

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.

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.

Notes to the Financial Report For the Year Ended 30 June 2020

9.3 Superannuation (cont.)

The 2019 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 2019 and the last 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 Council is a contributing employer:

	2019	2017
	\$m	\$m
- A VBI Surplus	151.3	69.8
- A total service liability surplus	233.4	193.5
- A discounted accrued benefits surplus	256.7	228.8

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 2019.

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 2019.

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 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

The 2020 interim actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.50 % pa	3.50 % pa
Price inflation	2.0 % pa	2.50 % pa

Notes to the Financial Report For the Year Ended 30 June 2020

10 Change in accounting policy

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised on the earlier of receipt or when an unconditional right to receipt has been established, with the exception of capital grants revenue received to fund the acquisition or construction of a non-financial asset to be controlled by Council. Capital grant revenue received to fund the acquisition or construction of a non-financial asset to be controlled by Council is recognised when obligations of the underlying agreement are met. This is normally in line with the stage of completion of the underlying non-financial assets being constructed.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	142,238
Revenue adjustment - impact of <i>AASB 15 Revenue from Contracts with Customers</i>	(1,104)
Income Adjustment - impact of <i>AASB 1058 Income of Not-for-Profit Entities</i>	(631)
Retained earnings at 1 July 2019	140,503

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of *AASB 16 Leases*.

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Right of use assets	-	422	422
	-	422	422
Liabilities			
Unearned income - operating grants	-	1,104	1,104
Unearned income - capital grants	-	631	631
Lease liability - current	-	422	422





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