

OUR VISION

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

Acknowledgement of Country

We acknowledge the traditional custodians of the land on which we live and work and pay our respect to their Elders past and present.

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



“All progress takes
place outside the
comfort zone”

Michael John Bobak

First and foremost, I would like to acknowledge the work of the Mayor and Councillors in setting policy and strategic direction for the Council. The elected members are committed to progressing our community and to making a difference.

Despite a challenging year that has seen severe weather events causing flooding and damage, we have once again, as a Council and community achieved much. I was extremely proud of the way we as a Council responded to these natural disasters and the way our staff engaged and worked in unison with emergency services for the betterment of our community.

Emergency works on damaged assets have been completed with longer-term renewal work being programmed. With approximately one-hundred and seventy assets impacted across roads, culverts, bridges and buildings the renewal work will take years to complete. We will continue to work with the Australian and Victoria Governments to access the Natural Disaster Funding and complete the work as soon as possible.

Considering our role in the emergency response and disaster recovery space I am incredibly proud of what we have managed to accomplish during this past year. In addition to our emergency response and business as usual achievements we have produced a Budget for 2023/2024 that has increased funding for essential services such as road maintenance and waste management while adhering to the Victorian Government's Fair Go Rate system cap.

This year I wanted to focus on the Council Plan Action Plan 2021-2025. This document is a medium-term plan that describes the ambitions and philosophy of the elected Council.

The Council Plan is the primary document to reflect the strategic agenda of the Council and it outlines clear themes, objectives and strategies. The Council Plan is shaped by the voice of the community and incorporates the Community Vision and the Municipal Public Health and Wellbeing Plan.

Of the forty-eight projects across the themes of Community, Liveability, Economy, Environment, and Leadership, fifteen have been completed, a further thirty are in progress or nearing completion and only three have not commenced. The Council Plan Action Plan 2021-2025 is a key document that guides our work and formed the basis of our 2022/23 Budget. We report against this Plan, and we look to engage with the Councillors and community on future projects.

We will continue to plan for a growing community whilst acknowledging the task of addressing dated infrastructure. We will occasionally step outside of our comfort zone to explore new initiatives that will ultimately progress our community.

At the end of 2022/23, Council's financial report records an operating surplus of \$5.178 million for the year and an end of year cash balance of \$9.468 million, after completing \$7.458 million of capital project works during the year. In addition to this, we completed emergency works related to flood and storm events and damage to the value of more than \$6 million.

Some of the completed major capital projects for 2022-23 were:

- Transfer Station at the Benalla Resource and Recovery Centre.
- Progressed the redevelopment of the Visitor Information Centre.
- Cowan Street retention basin.
- Fawckner Drive upgrade.
- New Town Hall air conditioning and heating system.
- Installation of four new playgrounds – with more to come.
- Advanced our first dog park to construction stage.
- New lighting in the Botanic Gardens.
- Stage 3 of the Lakeside Lighting project.

I would like to thank both the Victorian and Australian Governments for their continued financial support of this community.

Finally, I would like to thank the wonderful 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.



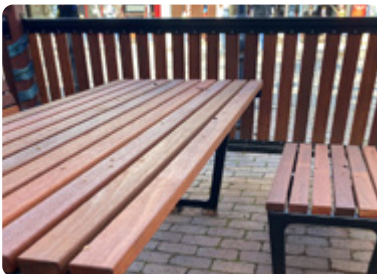
Dom Testoni
Chief Executive Officer

THE YEAR AT A GLANCE

July 2022



Benalla's hub for visitor information relocated on Tuesday 5 July to a new temporary home in Bridge Street. The Visitor Information Centre moved to a temporary location at the Commercial Hotel building at 4 Bridge Street East.



Work to improve the Bridge Street pergolas commenced as part of funding received under the Victorian Government's Outdoor Activation Fund. Timber screening surrounding the pergolas was installed with tables and seating placed inside the fenced area.



The redevelopment of the Mair Street Visitor Information Centre and Museum began on July 27 with a sod turning ceremony. The primary use of the redeveloped building will be for the Visitor Information Centre to have a permanent home to be shared with the Costume and Kelly Museum.

August 2022

Council delivered new LED lighting along the Lake Benalla Walking Track thanks to funding from the Victorian state government – the Creating Safer Places fund of which Benalla received \$286,000. Council installed 28 new lights as part of the Lighting the Lake project, along currently unlit sections of the walking track around Lake Benalla and the Botanic Gardens.

Goodwin Street Benalla became the towns newest School Zone, with the speed limit reduced to 40km/hr between 8am-9.30am and 2.30pm-4pm on school days in the area between Harold Street and Griffiths Street.

September 2022



Members of the Benalla and District U3A were successful in applying for a \$2,500 Community Grant in 2021 and Council decided to double the funding to \$5,000 to deliver the installation of a new projector at the Benalla Senior Citizens Community Centre.

October 2022

Significant flood in mid-October caused damage to more than 120 individual roads and other significant infrastructure. Over two days, Benalla township received 82mm of rain, while upper parts of the Broken River catchment received up to 150mm over the same period.

The 2022 Benalla Festival, scheduled to start on 29 October, saw a variation in its program of events due to the recent wet weather. Following flooding events in late October and with more wet weather on the way, organisers made the difficult decision to postpone some events on the first weekend of the program. The Benalla airshow was also postponed to March 2023.



Affordable housing continues to be a top priority for Council priority, with multiple subdivisions totalling around 500 new blocks of residential land approved in the last 5 years. This includes the 200-lot Livingston Estate development, 131 lots at Amberfield, a 43-lot development on Sydney Road and 44 residential lots at Hairs Lane.

November 2022



After weeks of wet weather and a number of postponed or cancelled events, Benalla Festival organisers were delighted with good attendance for the final weekend of the festival. (Saturday 5 November and Sunday 6 November).



Councillor and former Deputy Mayor, Cr Peter Davis was presented with a Councillor Service Award for 15 years of continuous service by the Municipal Association of Victoria (MAV).



Benalla Rural City Councillor Bernie Hearn was returned as Mayor for a second 12-month term at the November Council meeting.

Council sought community input to help choose the location for new dog parks in Benalla.

Benalla Rural City was one of five local government areas to receive state government funding for a new initiative to promote community connection and support mental health and wellbeing. The funding will support a new Social Inclusion Action Group (SIAG) – a flagship prevention initiative recommended by the Royal Commission into Victoria's Mental Health System.

December 2022

Following two years of COVID-19 lockdowns and with the arrival of warmer weather, numbers at the Benalla Aquatic Centre's swimming programs and aquatic activities increased with growing demand and program attendance.

THE YEAR AT A GLANCE

January 2023



Australia Day events held in Baddaginnie, Benalla, Devenish, Goomalibee, Goorambat, Lima, Molyullah, Tatong, Thoona and Warrenbayne and at BPACC. 14 new Australian Citizens received their citizenship.



Benalla Library is committed to continually developing and improving not only its process and programs, but its space too! February saw the addition of a Story Tree, which is a great resource for Early Years programs and fantastic for children's imagination.



Council called for community interest in attending a workshop focused on reinvigorating the Benalla Street Art Festival in 2024. The Benalla Street Art 2024 – Community Conversation was an opportunity for attendees to collectively brainstorm and share ideas at a community conversation about the future of Benalla Street Art and foster its return after a 3 year hiatus due to COVID.

February 2023

Benalla was identified as one of 11 towns identified by the Victorian State Government to receive support to transform its economy. This transition follows the announcement of the Victorian Forestry Plan in November 2019. In response to this, the Future of Benalla & District project was launched to develop a Local Development Strategy to help the town transition to a competitive regional economy.

March 2023



The much-anticipated Benalla Air show drew huge crowds to the Benalla Airport on Saturday 18 March 2023. The action-packed airshow delivered aerobatic displays, warbirds, static displays and much more. This event was run in conjunction with the Benalla Festival, and was rescheduled from November 2022 due to inclement weather.

April 2023

Works to install a public electric vehicle (EV) charger at the Denny Street carpark commenced in Benalla in April. The charging station is being installed at the rear of Denny Street, to the eastern side of the carpark. The installation of this charger is in line with Council's commitment to support the community to reduce their greenhouse gas emissions.

Council sought community input for the proposed installation of a commissioned sculpture piece, dedicated to Arthur Baird, the first chief engineer for Qantas and an inductee into the Australian Aviation Hall of Fame. This project is made possible thanks to \$150,000 worth of funding as part of the \$2.5M Building Works Package.

May 2023



Benalla Rural City Council with the assistance of local businesses and the Benalla Men's Shed recently completed the installation of seating and shade shelters in and around the Benalla Skate Park. Funding for the Skate Park improvements was made available through the Victorian Government Outdoor Activation Fund.

June 2023

Council successfully delivered a Clothes Swap Event to help shape a better, more sustainable future. The initiative called for the community to donate clothing in their wardrobe that they no longer wear, but don't want to throw away and add to landfill. The Benalla Clothing Swap event held on Wednesday 28 June allowed donated garments to find a new, appreciative home while helping to reduce the waste associated with the clothing industry.

Council sought community input into its Climate and Environment Strategy by delivering several workshops across Benalla and district. The initiative helped provide the council and the community with a clear roadmap towards a more sustainable future.



As part of a statewide initiative aimed at promoting community connection and supporting mental health, Benalla Rural City Council appointed a Social Inclusion Action Group Coordinator, Matt Debreceeny, who will lead the flagship mental health program.



Benalla hosted the HD HR Holden Nationals from June 9 to 11, 2023. The National event hosted by the HD HR Holden Club of Victoria was held in Benalla across the King's Birthday June long weekend, with participants arriving from all over Australia.

FINANCIAL SUMMARY

The Council's financial position continues to remain sound, however, ongoing underlying surpluses continue to be a challenge with the Council reliant on funding from other levels of government to ensure its long-term financial sustainability.

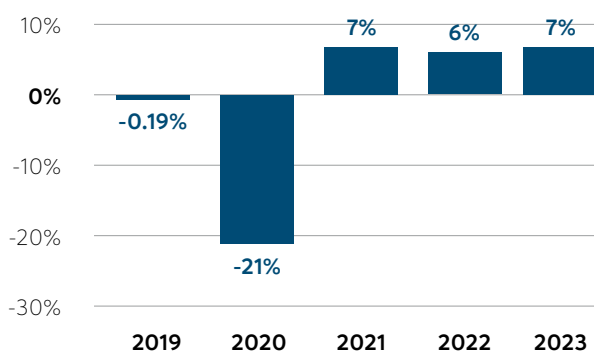
A summary of our performance is outlined below. Detailed information relating to the Council's financial performance is included within the financial statements and performance statement sections of this report.

Operating position

Council achieved an operating surplus of \$5.178 million against a budgeted surplus of \$1.529 million. As detailed in Note 2 of the Financial Report, a range of factors have contributed to this result. Major favourable variances were operating grants (\$13.409 million more than budgeted) and less than budgeted depreciation expense (\$1.423 million). These were partially offset by unfavourable revenue variances: user fees (\$1.062 million less than budgeted) and capital grants (\$5.060 million less than budgeted) and more than budgeted materials and services expenses (\$6.522 million natural disaster recovery related expenditure).

Adjusted Underlying Result

The adjusted underlying result improved from 6 percent to 7 percent, primarily due to the receipt of natural disaster recovery operating grants totalling \$7.325 million.



Liquidity

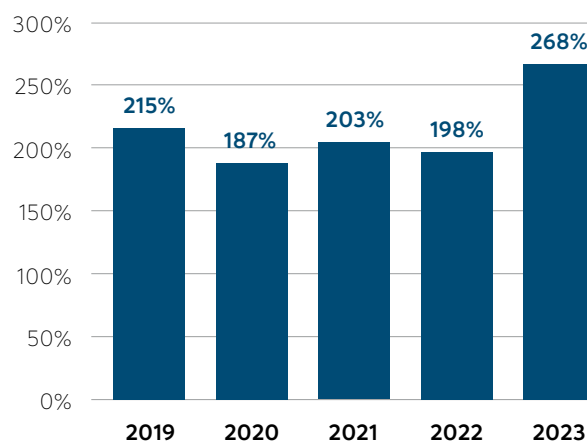
Liquidity has improved due to an increase in current assets compared to current liabilities since last year primarily due to decrease in unearned income/revenue due to delivery of funded projects.

While cash and cash equivalents have decreased by \$8.314 million, term deposits have increased by \$4.833 million from the prior year.

Current liabilities decreased by \$4.690 million, primarily due to decreases in unearned income/revenue (\$2.354 million) and trade and other payables (\$1.541 million).

The working capital ratio, which assesses the Council's ability to meet current commitments, is calculated by measuring the Council's current assets as a percentage of current liabilities. The 2022/23 result of 268 percent is an indicator of satisfactory financial position and within the target band.

Working Capital Ratio



Borrowings

There were no new borrowings in 2022/23. Council's indebtedness continued its downward trend from 59 percent to 55 percent. Loans at 30 June totalled \$2.855 million.

A summary of the Council's financial position for the past four years as at 30 June can be found in the table below:

	2019/20 '000	2020/21 '000	2021/22 '000	2022/23 '000
Total Revenue	\$35,517	\$36,589	\$39,300	\$45,464
Total Expenses	\$39,414	\$31,120	\$34,449	\$40,286
Surplus (Deficit)	(\$3,897)	\$5,469	\$4,851	\$5,178
Working Capital	187%	203%	198%	268%
Total Assets	\$270,394	\$289,957	\$320,640	\$323,709
Net Assets	\$249,551	\$264,724	\$289,105	\$297,218
Rates and Charges	\$18,487	\$19,027	\$19,978	\$21,000
Adjusted Underlying Result	-21%	7%	6%	7%
Asset Renewal and Upgrade	51%	40%	47%	90%
Indebtedness	52%	50%	59%	55%
Capital Projects	\$5,119	\$5,967	\$6,525	\$7,458

Major Capital Works

During 2022/23 \$7.458 million of capital works were undertaken, with \$1.495 million of new asset expenditure, \$5.156 million of asset renewal, \$494,000 of asset expansion expenditure and \$313,000 of asset upgrade expenditure.

Key expenditure areas were:

	2022/23
Roads	\$2.438 million
Waste management	\$2.308 million
Plant and equipment	\$531,000
Off-street carpark	\$419,000
Parks, open space and streetscapes	\$410,000



Economic Factors Update

Benalla Rural City, particularly the Benalla urban area, continued its strong rate of population growth, which continued to put pressure on the local property market. This was reflected by a large increase in income received from Building and Planning fees and a rise in rateable properties.

Rising inflation increased costs across the organisation, particularly relating to maintenance and capital works projects.

The Victorian Government's Council Rate Cap was set at 1.75 percent for the 2022/23 year. Council did not seek an exemption.

Major Changes Update

Following the implementation of an internal audit recommendation, \$1.5 million of internal user fees between different Council functions have been eliminated from User Fee revenue and Materials and Services expenditure. This change has impacted actual versus budgeted outcomes in these areas.

Significant Events Update

A flood event in October 2022 caused significant damage to civil infrastructure resulting in significant impairment of Council assets.

Emergency road repair works totalled \$6.166 million. Funding assistance received totalled \$7.325 million, \$6.325 million from the Natural Disaster Financial Assistance scheme and \$1 million from the Victorian Government's Flood Support Fund.

For further information on the Council's financial performance, refer to the Financial Report.

ABOUT US



OUR MUNICIPALITY

POPULATION

14,450

AREA

235,264 ha

DISTANCE TO MELB

193 km

RATEABLE PROPERTIES

8,286

COUNCIL EMPLOYEES

110.8 EFT

COUNCILLORS

7

TOWNSHIPS

BENALLA
BADDAGINNIE
DEVENISH
GOORAMBAT
SWANPOOL
THOONA
TATONG
WINTON

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 14,450¹, with approximately 9,000 residents 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, 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 Baddaginnie, Benalla, Boweya, Boxwood, Broken Creek, Bungeet, Chesney Vale, Devenish, Goomalibee, Goorambat, Stewarton, Taminick, Tarnook and Thoona.

Our largest employing industries are health, manufacturing and agriculture. The main health sector employers include Benalla Health, Estia Health and Coinda Aged Care.

The manufacturing sector includes Thales Australia, D & R Henderson Pty Ltd, Schneider Electric (Australia) Pty Ltd and LS Precast.

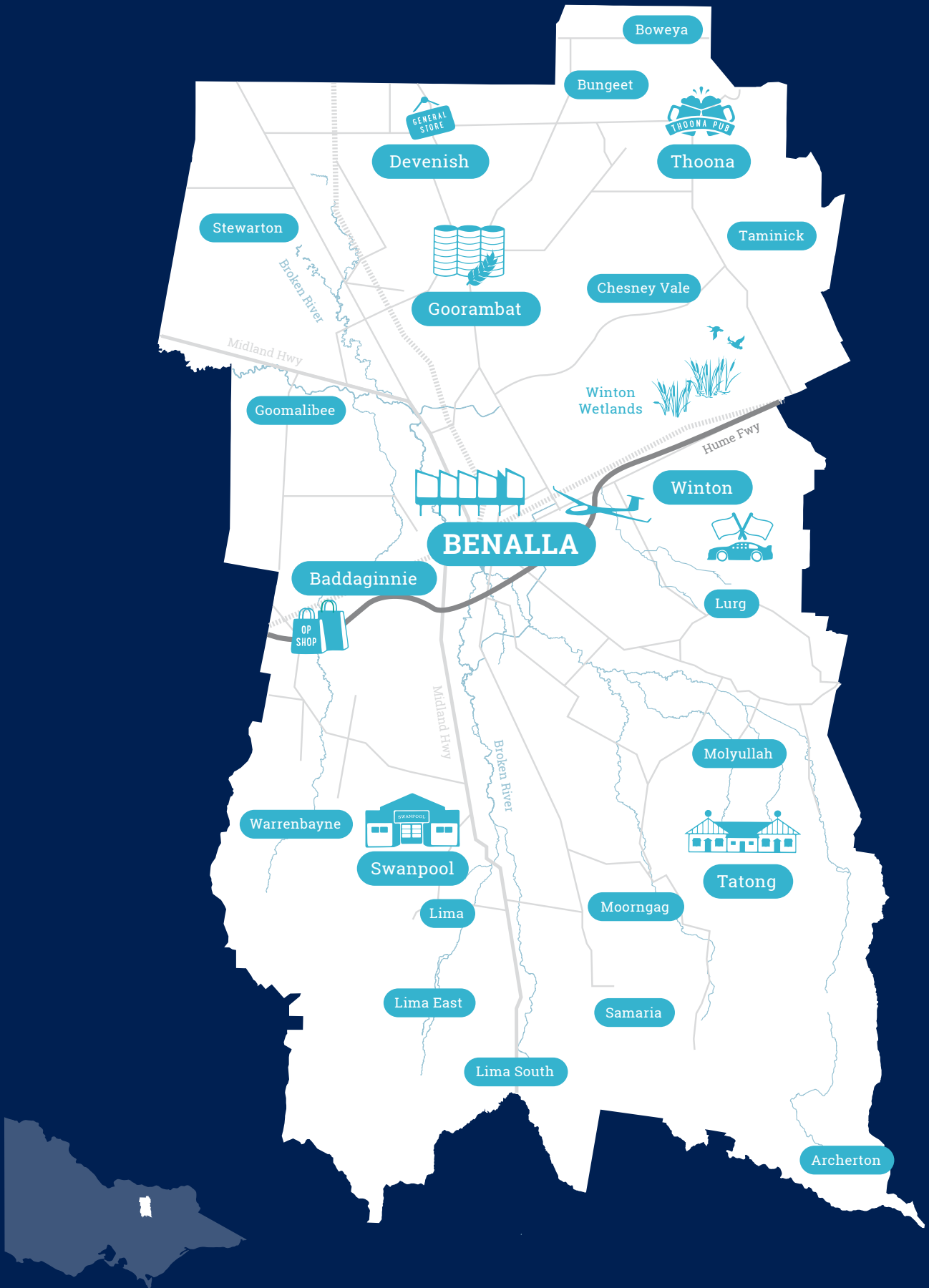
Our rural areas are recognised for their good soils and access to irrigation. The major agricultural industries include wool and meat production and broadacre cropping. Agricultural diversification has seen a rise in viticulture and other more intensive forms of horticulture and forestry.

With two large solar farms operational in Winton and Glenrowan West and a further seven approved for construction in the north and east of the municipality, Benalla Rural City is playing its part in green energy production in Victoria.

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, the Silo Art Trail and more than 60 street art murals in and around Benalla.

¹ ABS Estimated Resident Population June 2023



OUR COUNCIL



Benalla Rural City Council

PO Box 227, Benalla VIC 3671

Customer Service Centre

1 Bridge Street East, Benalla

03 5760 2600

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**

OUR COUNCILLORS



Cr Bernie Hearn

First elected: Oct 2016
Re-elected: Oct 2020



Cr Justin King

First elected: Oct 2012
Re-elected: Oct 2020



Cr Don Firth

First elected: Nov 2008
Re-elected: Oct 2016, Oct 2020



Cr Peter Davis

First elected: Nov 2005
Re-elected: Nov 2008, Oct 2012,
Oct 2016, Oct 2020



Cr Danny Claridge

First elected: Oct 2016
Re-elected: Oct 2020



**Cr Punarji Hewa
Gunaratne**

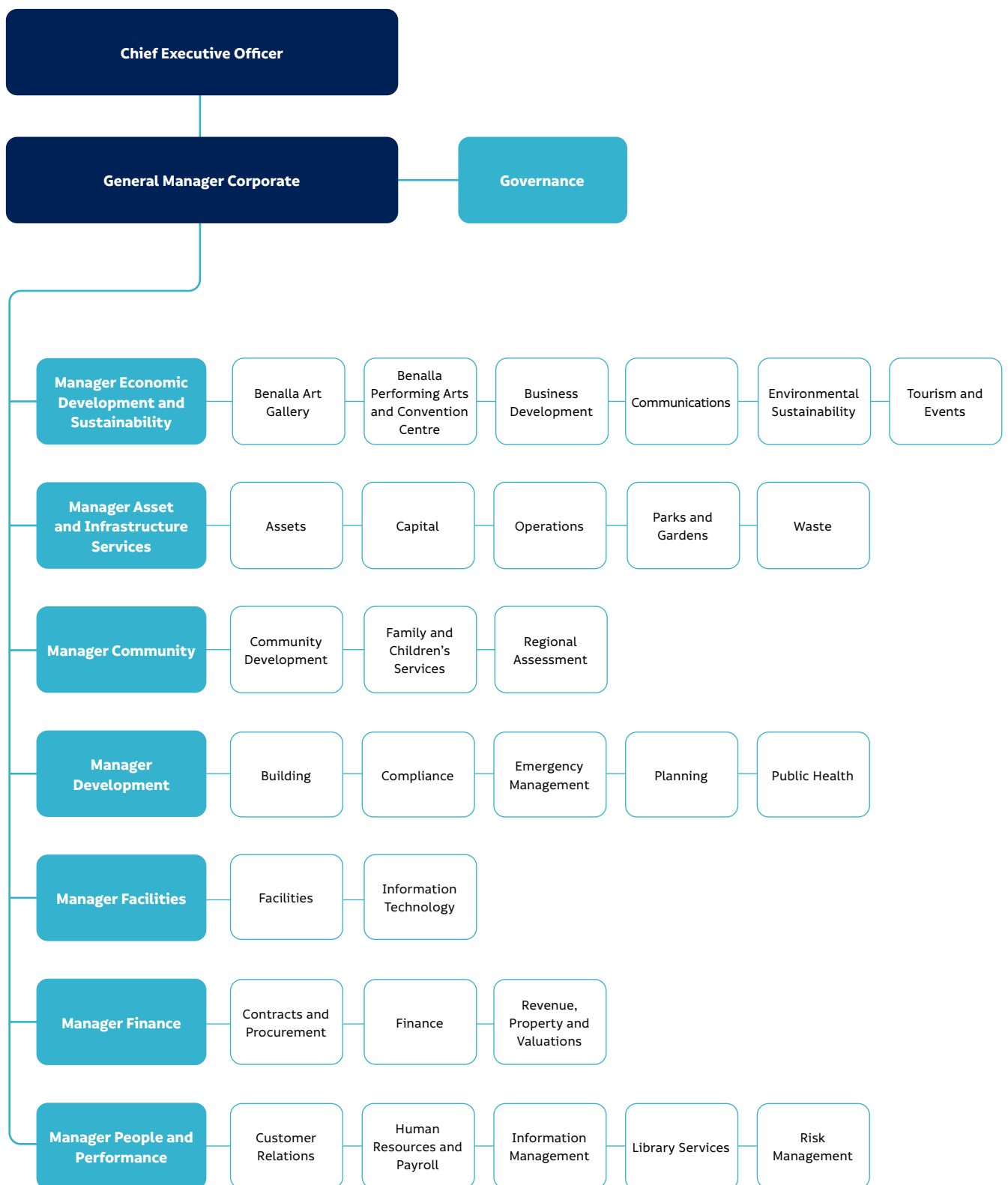
First elected: Oct 2020



Cr Gail O'Brien

First elected: Oct 2020

OUR ORGANISATION



OUR WORKFORCE

Employees

Type by gender	Number	EFT
Full-time – female	27	27
Full-time – male	54	54
Full-time – self-described gender	0	0
Part-time – female	49	27.1
Part-time – male	7	2.1
Part-time – self-described gender	0	0
Casual	6	0.6
Total	143	110.8

Type by band	Female EFT	Male EFT	Self-described gender EFT	Total EFT
Band 1	2.9	0.8	–	3.7
Band 2	0	0	–	0
Band 3	0	13	–	13.0
Band 4	15.6	13.3	–	28.9
Band 5	7.8	6	–	13.8
Band 6	14.4	3	–	17.4
Band 7	6.2	9	–	15.2
Band 8	1	6	–	7
Band not applicable	6.2	5	–	11.2
Casual	0.3	0.3	–	0.6
Total EFT	54.4	56.4	–	110.8



Victorian Charter of Human Rights and Responsibilities

The Victorian Charter of Human Rights and Responsibilities is a legal document requiring all public authorities to act in compliance with its standards and provides legal protection over the basic freedoms and rights of all Victorians. All public authorities and their employees are obliged to act compatibly with the Charter.

Health and Safety

Benalla Rural City Council maintains a strong commitment to ensuring its workplace is safe and that the organisation has a proactive safety culture.

Council provides an online system so that staff can report all incidents and hazards they identify in the workplace. OHS inductions are embedded as standard onboarding training.

Council continues to focus on incorporating safety considerations into all aspects of service delivery and operational activities, via a positive safety culture. The ongoing maintenance of effective consultative processes such as Council's OHS committee structures continue to assist with fostering a positive and action orientated organisational safety culture.

Other aspects of Council's Occupational Health and Safety (OHS) systems such as policies, procedures and processes are continually reviewed and improved.

The outcomes of audit and review processes continue to guide and inform potential opportunities for further improvements to Council's safety management system elements. In 2022/2023 there were 50 reported incidents.

Learning and Development

Benalla Rural City Council is committed to providing professional development opportunities to all employees to support them in their roles and upgrade their skills.

Staff engage in a wide range of learning and development programs each year that support their professional development needs. This year training has been delivered by a combination of face to face and online.

Gender Equality training has been delivered to our Councillors and employees over a two-day organisation-wide program.

Employee Assistance Program

Benalla Rural City Council provides an Employee Assistance Program (EAP) for Councillors, employees and family members and volunteers.

The EAP aims to ensure that all employees who experience hardship are able to discuss in confidence matters either work related or personal that may be impacting on their lives.

Family Violence

Council supports employees to create a non-violent and respectful workplace as part of our contribution to creating a safer community. Council is also 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. 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.

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.

Gender Equality

Under the *Gender Equality Act 2020*, Benalla Rural City Council participated in the People Matter Survey and held information sessions for Councillors and employees using these results and feedback to develop our Gender Equality Action Plan (GEAP).

Our plan provides a focus on creating an organisation where all employees have an equal lived experience, where gender, disability, being of Aboriginal or Torres Strait Islander background are not barriers in recruitment, promotion, learning and development and employment conditions.

Code Of Conduct

The *Local Government Act 2020* 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.

Volunteers

Benalla Rural City Council has many programs and groups in the community who rely on the time and skills of our volunteers to achieve their goals. From keeping our gardens and roadsides rubbish free to assisting at our annual festival, there are so many initiatives in Benalla that rely on the work of our volunteers.



OUR PERFORMANCE

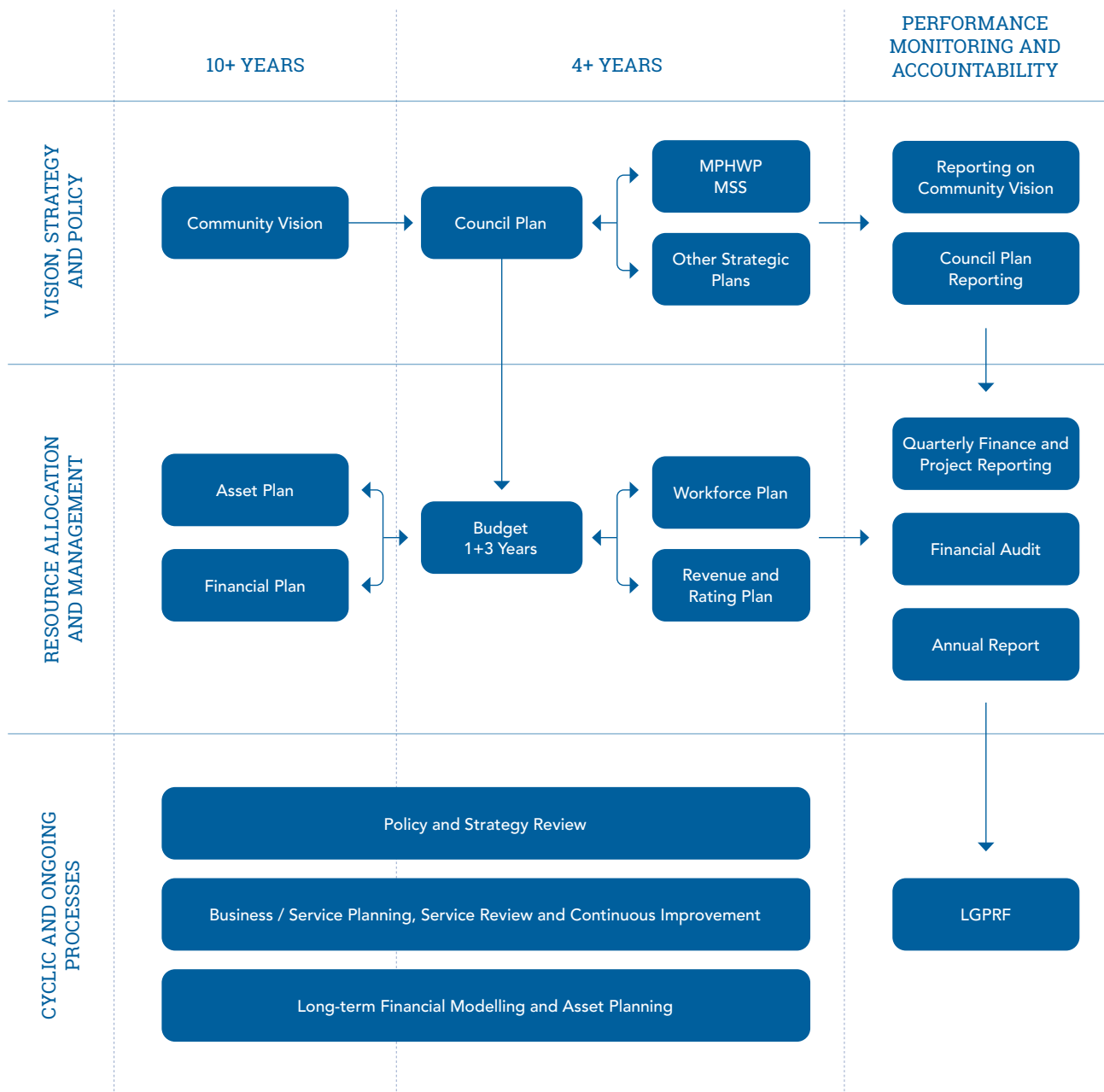


HOW THE COUNCIL WORKS

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 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 diagram below outlines how the Council develops, implements and reports on the community's priorities under an integrated planning and reporting framework.



Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Service Performance Indicators Service / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
AQUATIC FACILITIES					
Service standard					
AF2 Health inspections of aquatic facilities <i>[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]</i>	4	3	3	3	The result for this measure has increased due to increased inspections and water sampling conducted at the facility following a flood event.
Utilisation					
AF6 Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	5.14	2.14	3.55	4.74	Result for this measure has increased due to a successful marketing campaign that aimed to increase enrolments in the Learn to Swim program and increase general membership numbers.
Service cost					
AF7 Cost of aquatic facilities <i>[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]</i>	\$9.37	\$22.50	\$16.75	\$10.83	The result for this measure has decreased due to increased paying customer utilisation of the facility. This increase can be attributed to the general membership campaign, and the campaign to increase enrolments in the Learn to Swim program. Both campaigns resulted in increased fee-paying customer numbers, therefore lowering the per visit cost for this performance measure.
ANIMAL MANAGEMENT					
Timeliness					
AM1 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	1	1	1	
Service standard					
AM2 Animals reclaimed <i>[Number of animals reclaimed / Number of animals collected] x100</i>	35.01%	40.35%	50.54%	52.04%	
AM5 Animals rehomed <i>[Number of animals rehomed / Number of animals collected] x100</i>	0%	0%	0%	0%	

Service Performance Indicators Service / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
Service cost					
AM6 Cost of animal management service per population <i>[Direct cost of the animal management service / Population]</i>	\$15.37	\$18.35	\$24.92	\$27.45	The result for this measure has increased due to less registered animals and cost of pound services increasing.
Health and safety					
AF7 Animal management prosecutions <i>[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100</i>	0%	100%	60%	100%	The result for this measure has increased due to all prepossessions being successful in 2022/23.
FOOD SAFETY					
Timeliness					
FS1 Time taken to action food complaints <i>[Number of days between receipt and first response action for all food complaints / Number of food complaints]</i>	1 day	1 day	1 day	1 day	
Service standard					
FS2 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>	71.30%	77.59%	50.00%	33.61%	The result for this measure has increased due to increased inspections and water sampling conducted at the facility following a flood event.
Service cost					
FS3 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>	\$431.09	\$420.52	\$554.60	\$628.20	The result for this measure has increased due to working on the implementation of the state-based software upgrade. Staff time was allocated to this.
Health and safety					
FS4 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>	100%	0%	0%	0%	

Service Performance Indicators Service / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
GOVERNANCE					
Transparency					
G1 Council decisions made at meetings closed to the public <i>[Number of Council resolutions made at meetings of Council, or at meetings of a delegated committee consisting only of Councillors, closed to the public / Number of Council resolutions made at meetings of Council or at meetings of a delegated committee consisting only of Councillors] x100</i>	12.88%	10.88%	9.96%	10.13%	
Consultation and engagement					
G2 Satisfaction with community consultation and engagement <i>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</i>	55	52	47	42	No single issue identified that has caused this decrease.
Attendance					
G2 Councillor attendance at council meetings <i>[The sum of the number of Councillors who attended each Council meeting / (Number of Council meetings) × (Number of Councillors elected at the last Council general election)] x100</i>	93.41%	100%	98.10%	100%	
Service cost					
G4 Cost of elected representation <i>[Direct cost of the governance service / Number of Councillors elected at the last Council general election]</i>	\$33,594.96	\$31,357.26	\$35,959.66	\$40,079.46	First full financial year of increased Mayoral allowance and introduction of Deputy Mayor allowance. Increased vehicle maintenance, catering, and information and communication expenses.
Satisfaction					
G5 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>	54	57	48	43	No single issue identified that has caused this decrease.

Service Performance Indicators Service / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
LIBRARIES					
Utilisation					
LB1 Physical library collection usage <i>[Number of physical library collection item loans / Number of physical library collection items]</i>	3.04	2.19	2.60	2.91	The result for this measure has increased due to targeted purchasing of early years items.
Resource standard					
LB2 Recently purchased library collection <i>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100</i>	59.18%	53.83%	56.11%	57.05%	
Participation					
LB4 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>	16.89%	14.64%	12.66%	11.65%	
Service cost					
LB5 Cost of library service per population <i>[Direct cost of the library service / Population]</i>	\$40.95	\$30.39	\$44.62	\$42.24	



Service Performance Indicators Service / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
MATERNAL AND CHILD HEALTH (MCH)					
Service standard					
MC2 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>	101.71%	100%	101.55%	98.89%	The result for this measure has increased due to targeted purchasing of early years items.
Service cost					
MC3 Cost of the MCH service <i>[Cost of the MCH service / Hours worked by MCH nurses]</i>	\$60.79	\$89.39	\$102.65	\$92.21	The result for this measure has decreased due to staffing challenges.
Participation					
MC4 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>	78.95%	77.81%	87.54%	85.13%	
MC5 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>	75.93%	75.00%	89.06%	95.56%	
Satisfaction					
MC6 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>	94.87%	97.67%	100%	91.11%	
ROADS					
Satisfaction of use					
R1 Sealed local road requests <i>[Number of sealed local road requests / Kilometres of sealed local roads] x100</i>	17.68	26.43	40.58	51.73	The result for this measure has increased due to the damage caused by the October Flood event/s causing a increase in maintenance requirements.
Condition					
R2 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>	98.57%	98.80%	93.88%	93.87%	

Service Performance Indicators Service / Indicator / Measure		Results 2020	Results 2021	Results 2022	Results 2023	Comments
Service cost						
R3	Cost of sealed local road reconstruction <i>[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]</i>	\$80.38	\$184.06	\$59.91	\$62.39	
R4	Cost of sealed local road resealing <i>[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]</i>	\$5.49	\$6	\$3.58	\$17.46	The result for this measure has increased due to an increase in CPI and fuel costs.
Satisfaction						
R5	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	53	45	42	
STATUTORY PLANNING						
Timeliness						
SP1	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>	29	34	35	36	
Service standard						
SP2	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>	85.31%	83.33%	87.60%	73.62%	The result for this measure has decreased due to complex applications received by Council with objections. This meant that applications would require the Council's approval which impacted on the statutory timelines by a minimum of 28 days.
Service cost						
SP3	Cost of statutory planning service <i>[Direct cost of the statutory planning service / Number of planning applications received]</i>	\$1,563.97	\$1,009.35	\$1,451.97	\$1,747.98	The result for this measure has increased due to being short staffed which resulted in the need to use consultants which impacted on the cost of providing the service.
Decision making						
SP4	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>	50%	0%	33.33%	0%	The result for this measure has decreased due to only one decision being determined by VCAT in 2022/23 which was set aside.

Service Performance Indicators Service / Indicator / Measure	Results 2020	Results 2021	Results 2022	Results 2023	Comments
WASTE COLLECTION					
Satisfaction					
WC1 Kerbside bin collection requests <i>[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000</i>	135.30	137.80	173.16	280.25	Mainly due to the ageing bin stock, with the Contract nearing end of life, also the current economic conditions and residents requesting to down size the bins at a lower collection cost.
Service standard					
WC2 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>	11.93	6.55	8.60	7.59	May be due to previous year, contractor experiencing staff shortage and not being able to meet replacements at required/desirable timing.
Service cost					
WC3 Cost of kerbside garbage bin collection service <i>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</i>	\$58.23	\$55.12	\$54.78	\$70.59	Due to significant increase in CPI and higher fuel costs.
WC4 Cost of kerbside recyclables collection service <i>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</i>	\$77.03	\$82.09	\$87.34	\$98.67	Due to significant increase in CPI and higher fuel costs.
Waste diversion					
WC5 Kerbside collection waste diverted from landfill <i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>	60.91%	60.88%	60.20%	58.66%	

DESCRIPTION OF OPERATIONS

We govern for and on behalf of the community.

Benalla Rural City Council is responsible for more than 100 services, from family and children's services, parking regulation, open space maintenance, youth services, waste and recycling management; to matters concerning business and tourism development, planning for appropriate development, governance and financial accountability.

Our role includes:

- providing good governance for the benefit and wellbeing of the community
- complying with relevant law when making decisions
- giving priority to achieving the best outcomes for the community, including future generations
- promoting the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks
- engaging the community in strategic planning and strategic decision-making
- pursuing innovation and continuous improvement
- collaborating with other councils and governments and statutory bodies
- ensuring the ongoing financial viability of Council
- taking into account regional, state and national plans and policies in strategic planning and decisionmaking
- ensuring transparency of Council decisions, actions and information.



STRATEGIC OBJECTIVES

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



THEME 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.



THEME 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.



THEME 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.



THEME 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.



THEME 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.

THEME 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 2022/2023 Budget.

Major Initiatives	Comment
Development, implementation and monitoring of Benalla Rural City Municipal Health and Wellbeing Action Plan.	Completed. Benalla Health and Wellbeing Partnership continues to meet and has developed an action plan. Progress on delivery of the action plan will be presented to the Council.
Investigate development of an Off-Leash Dog Park	Dog park at Churchill Reserve under construction.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2021-2025.

Strategic Indicator / Measure	Target	Result
Number of community groups receiving a grant from the Community Support Program.	60	69
Active library members in municipality (Percentage of the municipal population that are active library borrowers).	18%	12%
Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population).	5	5
Participation in the MCH service (Percentage of children enrolled who participate in the MCH service).	80%	85%

The following statement reviews the performance of the Council against services funded in the 2022/23 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 a range of services for the community including:</p> <ul style="list-style-type: none"> • Community engagement in accordance with the Community Engagement Policy • 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. 	6,015	(3,312)	2,703



COMMUNITY SUPPORT PROGRAM 2022-23

The Community Support Program supports projects and activities to assist in building healthy, vibrant and sustainable communities across Benalla Rural City.

Our regular funding streams are:

- Community Grants
- Youth Participation Grants
- Major Event Funding Program
- Quick Response Grants

Community Grants

The Community Grants Program provides an opportunity for community groups and not-for-profit organisations. Funding of up to \$2,500 is provided annually to assist in the development of facilities, programs, activities and projects designed to build healthy, vibrant and sustainable communities across the municipality.

Youth Participation Grants

Youth Participation Grants provide funds of up to \$1,000 for eligible projects, activities and events, which may include leadership programs, fundraising projects, healthy living initiatives and other youth-led ideas.

Major Event Funding

The Major Event Funding Program commits approximately \$12,000 annually to encourage groups to stage events. The events must deliver measurable economic benefit and contribute to the profile and liveability of Benalla Rural City.

Quick Response Grants

The Council also supports community groups through the Quick Response Grants Program with amounts of up to \$500 for projects, activities and events. Applications for funding under the Community Sponsorship Program can be submitted at any time throughout the year and are presented to the Council monthly.

Community Grants 2022-23

In 2022-23, 32 community-based organisations received funding totalling \$64,666 for projects and activities that enable participation in social, cultural and economic life in Benalla Rural City. No Youth Participation Grants applications were received. Six event organisers received funding of up to \$2,000 under the Major Event Funding program for events that provide measurable economic benefit and enhance the image and liveability of Benalla Rural City.

Community Grants 2022-23

Recipient	Project	Funding
Astronomy Benalla Inc.	Equipment Acquisition Plan - Stage 2 following on from last years grant. The purchase of an upgraded telescope with accessories to facilitate the use of the telescope	\$2,500
Benalla Agricultural and Pastoral Society Inc	To enable greater and wider promotion of the Benalla Spring Show	\$2,500
Benalla and District Preschool Partnership	The purchase of a storage shed for Munro Avenue Kindergarten	\$628
Benalla and District Preschool Partnership	Bernard Briggs Kindergarten - Digital Camera	\$549
Benalla Aviation Museum and Men's Shed	CCTV security system replacement as the current system no longer works	\$2,500
Benalla Bushwalking Club	First Aid training delivered to members of the Benalla Bushwalking Club	\$2,025
Benalla Family Research Group Inc	Purchase of large TV to display early local photograph and to use for workshops and presentations	\$1,299
Benalla Garden Club Inc	To celebrate the Benalla Garden Club turning 70 years	\$683
Benalla Historical Society Inc.	Upgrade and refurbishment of shelving	\$2,216
Benalla Lawn Tennis and Croquet Club Inc	The purchase of a split system air for the clubhouse	\$2,500
Benalla Men's Shed	Dust extractors that vacuums in sawdust, smoke and air-born waste for the Men's Shed	\$2,244
Benalla Migrants Association Inc	Cultural celebration of Diwali at the Mural in November 2023 that will be a whole of community event	\$2,500
Benalla Netball Association	Replacement of the current broken roller door that accesses the canteen area	\$2,500
Benalla Saints Past Players and Officials	Gravel / crushed rock to top-dress the carpark area and erect safety bollards around small brick electrical building	\$1,507
Benalla Theatre Company Inc	To hold the musical The Drowsy Chaperone over two weekends and a total of seven shows	\$2,500
Benalla Yarn Bombers Incorporated	Benalla Rugged Up -installation of textile art works around Benalla for the month of August	\$1,700
For the Good of Devenish	To contract a pest controller to eradicate issues with white ants in the Trewin Museum	\$2,500
Goorambat Football Netball Club	The installation of three picnic tables around the canteen area	\$2,310

Recipient	Project	Funding
Goorambat Public Hall Reserve Committee of Management Inc	Supply and install new lighting circuit and switch wiring for Goorambat Hall	\$2,500
Let Us Entertain You Inc (LUEY)	Benalla Short Film Festival	\$2,500
Live Art Benalla and GANEEA	Mural Music 2023 - free afternoon of local music and art at Benalla's iconic Ceramic Mural, featuring all local musicians.	\$2,500
Lurg Hall and Reserve Committee of Management	Upgrade of the amenities block at the Old Lurg School – Don McKenzie Reserve by painting a mural on the exterior to enhance appearance	\$2,500
Moorngag Hall and Recreation Centre	The purchase of a defibrillator kit for Moorngag Community Hall	\$1,905
NESAY Inc	A TV to be purchased for the waiting area in the Benalla Community Services Hub as highlighted as a need by attendees	\$2,500
Room at the Table Inc	Converting a room to be dedicated to Tabletop Roleplaying Games (TTRPG) to allow greater numbers to join Room at the Table Inc	\$1,500
Rotary Club of Benalla Inc	The installation of bus shelters in Smyth Street and one to be confirmed for the Benalla West housing area	\$1,250
Swanpool Bowling Club Inc	The purchase of an outdoor water cooler and bottle filling station	\$2,500
Tatong Community Centre and Recreation Reserve	The purchase of a new mower for the maintenance of the Tatong Community Centre and Recreation Reserve	\$2,500
Thoona Memorial Hall and Public Hall	To purchase an Australia Day recipients Honour Board to place in the Hall to acknowledge recipients and their work in the community	\$1,100
U3A Benalla	Replacing the photocopier that is used for multiple reasons by the members of U3A	\$1,250
Waminda Community House Inc	Wednesdays@Waminda program is a two-hour weekly session for children and a one hour weekly session for parents/carers that provides an opportunity for families to gather and learn	\$2,500
Warrenbayne Recreation Reserve Committee Inc.	The purchase of a ride-on lawn mower to enable regular maintenance of the Reserve grounds	\$2,500
Total		\$64,666

Youth Participation Grants 2022-23

There were no Youth Participation Grant applications received.

Major Event Funding 2022-23

Recipient	Project	Funding
Benalla Migrants Association Inc	Southeast Asian New Year Celebration held in April.	\$2,000
Benalla Racing Club	Benalla Gold Cup	\$2,000
Molyullah Recreation and Public Hall Reserve Inc	120th Molyullah Easter Sports	\$2,000
Austin 7 Inc	Historic Winton	\$2,000
Lions Club Benalla Inc	The Lions Club of Benalla Antique and Collectables Fair	\$2,000
Gliding Club of Victoria	Paul Bennet Airshow in Benalla	\$1,400
Total		\$11,400

Quick Response Grants 2022-23

Recipient	Project	Funding
Swanpool Community Cinema	Swanpool Festival Matinee screening Downton Abbey - A New Era	\$500
Better Benalla Rail Inc	Inform the Community - Year 3	\$500
FCJ College Benalla	Spamalot Production	\$500
Baddaginnie Fire Brigade	Baddaginnie Fire Brigade Open Day	\$500
Room at the Table Inc	Stay & Play (Benalla Festival)	\$500
Waminda Inc	Seniors' High Tea and Fashion Parade	\$500
Rotary Club of Benalla Inc	Portsea Camp	\$500
Lima School Community Centre Committee	Community Christmas BBQ	\$500
Benalla Theatre Company Inc	BTC 2022 Night of Entertainment	\$500
Benalla Bushrangers Cricket Club	Over 70s England vs Victoria	\$500
Tatong and District Tattler Incorporated A0047895K	Printer upgrade	\$500
Tatong Memorial Hall	Anzac Day commemoration	\$500

Recipient	Project	Funding
Benalla Squash and Racquetball Association	Come&Try Day inflatable court	\$500
Lima South Community Hal Committee of Management	Lima South Hall Community Spirit BBQ	\$500
Benalla Indoor Recreation Centre	Recoup outgoings for a Community Event	\$500
Benalla Migrants Association Inc	Pot Luck Dinner	\$230
Benalla Clydesdale and Heavy Horse Driving Day	Benalla Clydesdale and Heavy Horse Driving Day	\$500
Benalla Swimming Club	Swimming Equipment	\$500
Molyullah Recreation and Public Hall Reserve Inc	Website Creation	\$500
Benalla Sustainable Future Group Inc.	Swanpool Environmental Film Festival 2023	\$500
Rotary International District 9790 Inc	District Assembly	\$500
Benalla Garden Club Inc	70th birthday celebration	\$500
Benalla Heritage Network	Benalla Heritage Festival 2023	\$500
CALMKids Yoga	Children's Yoga and Mindfulness	\$500
Benalla P-12 College	Debutant Ball	\$500
U3A Benalla	Singing for Fun Hire of the Hub at Cooyinda	\$500
Goorambat and District Community Group	Painting of the community toilets	\$500
Lurg Hall and Reserve Committee of Management	Annual Trivia Pursuit Night	\$500
Warrenbayne Recreation Reserve Committee Inc.	Warrenbayne Supper Dance	\$500
Astronomy Benalla	Equipment Acquisition Plan - Stage 2 supplementary	\$400
Goorambat Public Hall Reserve Committee of Management Incorporated	Multifunction Laser Colour Printer Scanner & Copier Purchase	\$448
Total		\$15,078

Community Infrastructure Grants 2022-23

Rural communities benefited from infrastructure upgrades thanks to the Australian Government funding Australian Government Locals Roads and Community Infrastructure (LRCI) Program sourced by Benalla Rural City Council. Fifteen rural communities were successful in receiving funding that will greatly improve community access to rural areas based outside of the Benalla township.

Recipient	Project	Funding
Devenish Public Hall Committee of Management	The installation of a unisex disability toilet on the northside of the Devenish Hall	\$30,000
Swanpool Memorial Hall and Reserve	The replacement of the community noticeboard with a new solid galvanised steel structure	\$8,500
Goorambat Football Netball Club	The upgrade of the umpire rooms, the installation of female facilities for players and umpires and upgrades to the septic system.	\$40,000
Tatong Community Centre and Recreation Reserve	Consisting of the three projects including the renovation of the public toilets, creating greater access to the Tatong CFA Mural viewing area by creating a paved concrete path and solar lighting and the installation of picnic tables in the Tatong Bushland Reserve	\$46,130
Molyullah Recreation and Public Hall Reserve Inc	To build an undercover community space at the rear of the Hall	\$50,000
Molyullah Recreation and Public Hall Reserve Inc	The installation of a children's playground open to the public at the Hall	\$47,167
Albert Heaney Oval Committee	The project covers the purchase and new storage for a ride on law mower for ground maintenance, upgrades to the pavilion, painting of interior rooms within the sports pavilion, shade sails, new gravel and the painting of a new mural	\$21,000
Lima South Community Hall Committee of Management	The purchase and installation of three energy efficient split cycle air conditioning units in the Hall	\$5,200
Warrenbayne Recreation Reserve Inc	To prepare and paint the interior of the Warrenbayne Hall and to purchase a ride on lawn mower for the maintenance of the grounds	\$12,000
Moorngag Hall and Recreation Reserve	To remove the old fencing and replace with new fencing and to fit out the current shed	\$7,700
Boweya Community Inc	The installation of a larger rainwater tank	\$8,530
Lurg Hall and Recreation Reserve Committee Inc	To paint the interior of the Old Lurg School	\$10,815
Baddaginnie Community Inc	Upgrades to the Baddaginnie Hall including installation of new air conditioners, new roofing, replace and improve existing concrete paths around the Hall, replace the current fencing at the front and rear of the Hall and construct a disabled parking area at the main entrance of the Hall	\$50,000
Swanpool Memorial Hall and Reserve	Upgrading the asphalt around the Swanpool Memorial Hall and Reserve so there is sealed bitumen and new paving	\$50,000
Swanpool Bowling Club Inc	The purchase and installation of new flooring for the main function room and bathrooms and the preparation and painting of the internal and external walls of the Clubhouse	\$45,420
Total		\$432,462

THEME 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 2022/23 Budget.

Major Initiatives	Comment
Progress the Benalla Indoor Recreation Centre Redevelopment Project	\$15,000,000 in Victorian Government funding confirmed. Tender for design of facility and community consultation on location to be undertaken.
Deliver the Visitor Information Centre Redevelopment project	In progress. Project expected to be completed in August 2023.
Deliver Benalla Town Hall Upgrade Project.	In progress. Project expected to be completed in August 2023.
Deliver Benalla Art Gallery Redevelopment project, including new off-site storage	In progress. Stage 1 design near completion.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2021-2025.

Strategic Indicator / Measure	Target	Result
Percentage of collected registerable animals under the <i>Domestic Animals Act 1994</i> reclaimed.	55%	52%
Percentage of required food safety assessments undertaken	90%	34%
Community satisfaction with sealed local roads.	55	42%
Median number of days taken between receipt of a planning application and a decision on the application.	35	36
Percentage of VicSmart planning application decisions made within legislated time frames.	80%	74%

The following statement reviews the performance of the Council against services funded in the 2022/23 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. • Providing 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 Planning and Environment Act. • Providing Building Surveyor Services to meet statutory obligations in accordance with the Local Government Act and Building Regulations. • Coordinating 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. • Providing professional Environmental Health services to meet statutory obligations outlines in the Health Act and Environmental Protection Act. • 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. 	18,688	(12,182)	6,506

THEME 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 2022-23 Budget.

Major Initiatives	Comment
Review and update the Environment Strategy and Climate Change Adaptation Plan 2013-2025	In progress. Current strategy and plan audited. Stakeholder engagement in progress.
Bring Benalla Landfill and Resource Recovery Centre Transfer Station into operation	Completed.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2021-2025.

Strategic Indicator / Measure	Target	Result
Community satisfaction rating for our performance in environmental sustainability.	60	55
Community satisfaction rating for our performance in slashing and weed control	55	46
Community satisfaction rating for our performance in waste management.	70	62
Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill.	63%	59%
Percentage of VicSmart planning application decisions made within legislated time frames.	80%	74%

The following statement reviews the performance of the Council against services funded in the 2022-23 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 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. 	6,460	(6,809)	349



THEME 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 2022-23 Budget.

Major Initiatives	Comment
Develop an Economic Diversification Plan	In progress. Stakeholder interviews undertaken. Initial discussions on the establishment of a Benalla Innovation Network held.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2021-2025.

Strategic Indicator / Measure	Target	Result
Community satisfaction rating for our performance in tourism development.	60	52
Community satisfaction with economic and business development	60	46



The following statement reviews the performance of the Council against services funded in the 2022-23 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	<ul style="list-style-type: none"> Oversees the destination promotion and visitor servicing for our Rural City. Facilitating 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 	6,428	(22,994)	16,565



THEME 5

HIGH PERFORMING ORGANISATION



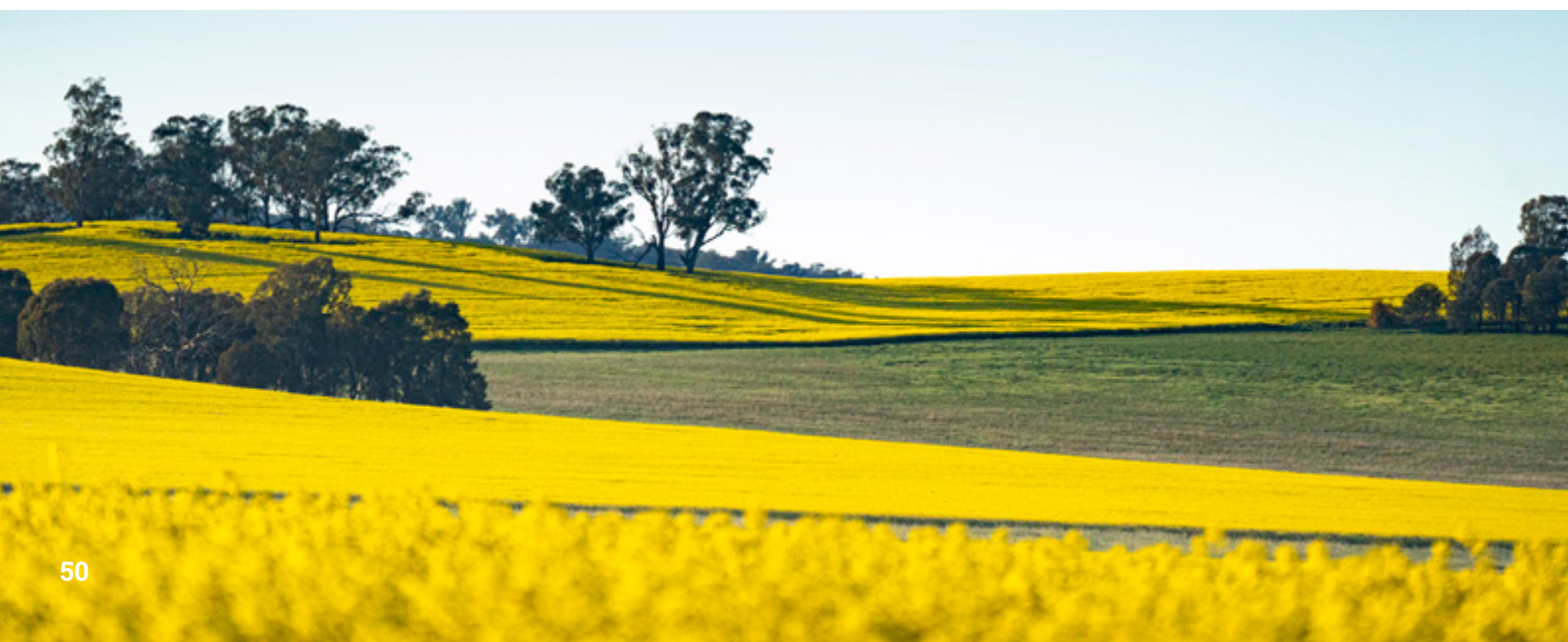
We will be a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our whole community.

The following statement reviews the performance of the Council against the major initiatives identified in the 2022-23 Budget.

Major Initiatives	Comment
Develop and adopt policies and strategies required under the <i>Local Government Act 2020</i> .	Completed.
Participate in Rural Councils Transformation Program	In progress. Procurement for a range of software applications underway.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2021-2025.

Strategic Indicator / Measure	Target	Result
Community satisfaction with Council's overall performance.	65	50
Community satisfaction with how Council has performed in making decisions in the interest of the community.	60	43
Community satisfaction with how Council has performed in customer service	70	66
Community satisfaction with the consultation and engagement efforts of Council.	55	42
Community satisfaction with the overall direction of Council	56	44
Community satisfaction with Council's advocacy.	55	46



The following statement reviews the performance of the Council against services funded in the 2022-23 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.	811	(7)	805
Corporate Division	<ul style="list-style-type: none"> 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. 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 <i>Domestic and Feral and Nuisance Animal Act, Road Regulations, 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>. 	1,883	(161)	1,722

STATUTORY INFORMATION

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.

Council Information

The council has adopted and maintains a Public Transparency Policy in accordance with section 57 of the *Local Government Act 2020*.

The Policy details published statements designed to assist members of the public in accessing Council information, such as documents, process information and records.

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 a Domestic Animal Management Plan 2021-2025 on 23 February 2022. 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 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 emailing: 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: benalla.vic.gov.au

In 2021/22 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 Acts 1989 and 2020*. 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 5.30pm (6pm during Victorian daylight saving time) at the Benalla Civic Centre.

The Council at its meeting on 16 November 2022 resolved to dissolve the Finance and Operations Committee and the Planning and Development Committee and establish the Finance and Planning Committee.

The Finance and Planning Committee combines the purpose, powers and functions of the Finance and Operations and Planning and Development committees.

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 comprises all Councillors. 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 comprises all Councillors. The quorum for this Committee is a majority of the members.
Finance and Planning Committee	<p>This Committee considers:</p> <ul style="list-style-type: none"> all governance and financial matters, social and cultural development and matters relating to the operation of Council's organisational administration. all matters relating to strategic and statutory planning and associated matters, infrastructure, environmental issues and economic development matters. <p>The membership of the Finance and Planning Committee comprises all Councillors. The quorum for this committee is a majority of members.</p>
Council	The Council Meeting adopts, rejects or modifies recommendations from the 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:
13 (10 Council Meetings, 3
Additional Council Meetings)

Councillor attendance
at Council Meetings and
Additional Council Meetings
during 2022-23.

Attendance between 1 July 2022 and 30 June 2023:

Councillor	Meetings	Additional meetings	Total
Cr Danny Claridge	10	3	13
Cr Peter Davis	10	3	13
Cr Don Firth	10	3	13
Cr Bernadette Hearn	10	3	13
Cr Punarji Hewa Gunaratne	9	3	12
Cr Justin King	10	3	13
Cr Gail O'Brien	10	3	13

Finance and Operations Committee Meetings

Number of meetings held:
4

Attendance between 1 July 2022 and 16 November 2022:

Councillor	Meetings	Additional meetings	Total
Cr Danny Claridge	4	–	4
Cr Peter Davis	4	–	4
Cr Don Firth	4	–	4
Cr Bernadette Hearn	4	–	4
Cr Punarji Hewa Gunaratne	4	–	4
Cr Justin King	4	–	4
Cr Gail O'Brien	4	–	4

Planning and Development Committee Meetings

Number of meetings held:
4

The Planning and Development Committee was dissolved by Council at its meeting on 16 November 2022 and replaced with the Finance and Planning Committee.

Attendance between 1 July 2022 and 16 November 2022:

Councillor	Meetings	Additional meetings	Total
Cr Danny Claridge	4	–	4
Cr Peter Davis	4	–	4
Cr Don Firth	4	–	4
Cr Bernadette Hearn	4	–	4
Cr Punarji Hewa Gunaratne	4	–	4
Cr Justin King	4	–	4
Cr Gail O'Brien	4	–	4

Finance and Planning Committee Meetings

Number of meetings held:
7

The Finance and Planning Committee was established by Council at its meeting on 16 November 2022.

Attendance between 16 November 2022 and 30 June 2023:

Councillor	Meetings	Additional meetings	Total
Cr Danny Claridge	6	1	7
Cr Peter Davis	6	1	7
Cr Don Firth	6	1	7
Cr Bernadette Hearn	6	1	7
Cr Punarji Hewa Gunaratne	6	1	7
Cr Justin King	6	1	7
Cr Gail O'Brien	6	1	7

Councillor Code of Conduct

In March 2021, in accordance with the *Local Government Act 2020*, the Council reviewed and adopted the Councillor Code of Conduct. The purpose of the Councillor Code of Conduct is to include the standards of conduct expected to be observed by Councillors in the course of performing their duties and functions as Councillors, including prohibiting discrimination, harassment (including sexual harassment) and vilification.

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 2020* to disclose any conflict of interest and step away from discussion and decision making in regard to the matter.

During 2022/23 there were eight conflicts of interest disclosed by councillors at Council and Delegated Committee meetings. Disclosed conflicts of interest are included in the minutes of the meeting and are available on the Council's website.

Councillor Expenses

The Mayor (personal and Council business use) and councillors (Council business use) are provided with a fully maintained motor vehicle. Total fleet 2022/23 charges for this vehicle, including fuel costs, were \$15,620.25.

Councillors and staff are provided with a meal after Council and committee meetings. Total catering costs in 2022/23 were \$14,045.71.

Councillor Allowances

Local Government Councillors in Victoria are provided with an allowance in recognition of their duties as Councillors.

Under section 39 of the *Local Government Act 2020*. The Victorian Government sets an upper and lower limit for allowances dependent on the income and population of the municipality.

Mayors and Deputy Mayors are entitled to a higher allowance than Councillors in recognition of the greater level of commitment required.

For 2022/23 Benalla Rural City Council was classified as a Category 1 Council. The Council has resolved that the Mayoral and Councillor allowances be set at the maximum amount payable for a Category 1 Council.

Councillor Expenses during 2022/23

Councillor	Travel	Child Care	Information & Communications	Conferences & Training	Total
Cr Danny Claridge	\$534	–	\$475	\$1,070	\$2,079
Cr Peter Davis	–	–	\$475	\$356	\$831
Cr Don Firth	–	–	\$475	\$356	\$831
Cr Bernadette Hearn (Mayor)	\$629	–	\$475	\$3,521	\$4,625
Cr Punarji Hewa Gunaratne	\$605	–	\$475	\$1,356	\$2,436
Cr Justin King	–	–	\$475	\$356	\$831
Cr Gail O'Brien	\$806	–	\$475	\$1,536	\$2,817

Councillor Allowances during 2022/23

Councillor	Allowance
Cr Danny Claridge	\$24,493
Cr Peter Davis	\$24,493
Cr Donald Firth (Deputy Mayor between 1 July 2022 - 16 November 2022)	\$29,514
Cr Bernadette Hearn (Mayor)	\$75,942
Cr Punarji Hewa Gunaratne	\$24,493
Cr Justin King (Deputy Mayor)	\$32,950
Cr Gail O'Brien	\$24,493



Council Committees

Advisory Committees

Advisory committees advise the Council on a range of community and social issues that may influence policy, service and program development.

Council Advisory Committee	Purpose of Committee
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 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.
Benalla Street Art Advisory Committee	Committee was formed to reinvigorate street art in Benalla. The Advisory Committee will organise the Benalla Street Art Festival 2024 to 2027 (BSAF).
Communications Advisory Committee	Oversees Council communications and corporate publications.

Chief Executive Officer Employment and Remuneration Committee

In accordance with the Chief Executive Officer Employment and Remuneration policy, a CEO Employment and Remuneration Committee has been established. Chaired by the Mayor, the Committee comprises all councillors and an independent member, Mr Chris Eddy.

In September 2022, the Committee recommended to the Council that the Chief Executive Officer be reappointed for a five-year term expiring 16 January 2028.

In November 2022, the Committee developed a suite of key performance indicators that were subsequently adopted by the Council.

Audit and Risk Committee

Membership

The Audit and Risk Committee (the Committee) comprises two Councillors and four 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 Planning Committee.



External members of the Audit and Risk Committee as at 30 June 2023:

Name	Qualifications	Professional Background
Mr Cameron Gray (Chair)	BBus M(Com)	Currently the Finance Manager at Cooina Village Inc. in Benalla. Experience in working in the health, legal, employment services and agricultural industries. Member of the Institute of Public Accountants. Holds Executive Certificate in Corporate Governance and currently undertaking a Master of Business Administration. Over the past 10 years has volunteered as treasurer/secretary to sporting clubs and associations in the Benalla area.
Mr Michael B Hedderman	BHA (UNSW), Dip Ag (Dookie)	Substantial hands-on experience in both public and private sector management roles throughout Victoria, which has included chief executive roles in public healthcare, business management roles in private aged care settings, quality and risk management, authorised officer for DHS and chair of compliance and risk committees. Member of the Benalla Rural City Community Plan Implementation Steering Committee and the Benalla Migrant Camp Restoration Committee along with other volunteer roles within the community of Benalla Rural City and beyond.
Ms Rita HP Ruyters	GradDipBus(Acc), GCP (Acc)	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 Justin Reid	FCA	Justin is a self-employed independent consultant who specialises in audit training and consulting. Justin has extensive experience as an internal and external auditor of local councils and other public sector agencies and departments. He is a Fellow of the Chartered Accountants of Australia and New Zealand.

Attendance

During the 2022/23 financial year there was a quorum for each Audit and Risk Committee meeting, where the appointed Chair presided. Attendance of Audit and Risk Committee members for the 2022/23 meeting schedule is detailed below.

Councillor	July 2022	October 2022	November 2022	February 2023	June 2023
Cameron Gray (elected as Chair 2022)	✓	✓	✓	✓	✓
Michael Hedderman	✓	✓	✓	✓	✓
Rita Ruyters	✓	✓	✓	✓	✓
John Stapleton	✓	✓			
Justin Reid					✓
Cr Peter Davis	✓	✓	✓	✓	✓
Cr Danny Claridge (Chair of the Finance and Planning Committee)			✓	✓	✓
Cr Justin King (Chair of the Finance and Operations Committee July 2022-November 2022)	✓	✓			

Activities

Key activities undertaken by the Committee included:

Financial Performance and Audit

- Local Government Performance Report of Operations considered.
- Draft Annual Financial Report and draft Performance Statements for year ended 30 June 2022 approved in principle.

Internal Control Environment

- Procurement exemptions considered.
- Fraudulent and corrupt behaviour and significant compliance matters monitored.
- Gifts/Offer of Hospitality 2022 presented.
- Key policies considered: Risk Management and Procurement.

Risk Management

- Proposal to review Council's Risk Management Framework considered.
- Result of insurance tender considered.
- Risk management activities reported.
- Occupational Health and Safety issues monitored.

Fraud Prevention Systems and Controls

- Instances of unethical behaviour, fraud and corruption noted. Potential low-level fraud at Benalla Landfill and Resource Recovery Centre reported.

Internal Audit

- Implementation of Business Continuity and Disaster Recovery internal audit recommendations monitored.
- Internal Audit Report: 2022-01 Risk Assessment and Strategic Internal Audit Program approved.
- Results from Internal Audit Report: 2023-01 Revenue and Internal Charges considered.
- Internal Audit Planning Document: Capital Project Management approved.

External Audit

- 2021 Benalla Landfill and Resource Recovery Centre Position Paper considered.
- Closing Report and Final Management Letter for the year ended 30 June 2022 considered.
- Benalla Rural City Council Audit Strategy Memorandum For The Financial Year Ending 30 June 2023 and Benalla Rural City Council Interim Management Letter For The Year Ending 30 June 2023 considered.

Compliance Management

- VAGO reports considered: Fraud Control Over Local Government Grants, Annual Plan 2022-23, Regulating Private Pool and Spa Safety, and Results of 2021-22 Audits: Local Government.
- Local Government Inspectorate report considered: Checking compliance: A review of Council policies.
- Commission of Inquiry Into Moira Shire Council report considered.

Procurement

All contracts above the public tender threshold (\$300,000 ex. GST) were entered into in accordance the Procurement Policy.

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
Community Engagement Policy Policy outlining Council's commitment to engaging with the community on matters of public interest	✓ Policy adopted in accordance with section 55 of the Act Date of current policy: 23 February 2022
Community Engagement Guidelines Guidelines to assist staff to determine when and how to engage with the community	✓ Guidelines Date of current guidelines: 23 February 2022
Financial Plan Financial Plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years	✓ Plan adopted in accordance with section 91 of the Act Date Plan adopted: 29 June 2022
Asset Plan Plan that sets out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years	✓ Plan adopted in accordance with section 92 of the Act Date Plan adopted: 29 June 2022
Revenue and Rating Plan Plan setting out the rating structure of Council to levy rates and charges	✓ Plan adopted in accordance with section 93 of the Act Date Plan adopted: 23 June 2021
Annual Budget Plan 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 adopted in accordance with section 94 of the Act Date Budget adopted: 28 June 2023
Risk policy Policy outlining Council's commitment and approach to minimising the risks to Council's operations	✓ Policy Date of current policy: 13 September 2019
Fraud policy Policy outlining Council's commitment and approach to minimising the risk of fraud	✓ Policy Date of current policy: 10 October 2018
Municipal Emergency Management Plan Plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery	✓ Plan prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 15 October 2022

Governance and Management Item	Assessment
Procurement Policy Policy outlining the principles, processes and procedures that will apply to all purchases of goods, services and works	✓ Policy reviewed and adopted in accordance with section 108 of the Act Date adopted: 10 November 2021
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
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
Risk Management Framework Framework outlining Council's approach to managing risks to the Council's operations	✓ Framework Date of current framework: 19 September 2019
Audit and Risk Committee Advisory committee of the Council under section 53 and 54 of the Act	✓ Established in accordance with section 53 of the Act Date committee established: 26 August 2020
Internal Audit Independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls.	✓ Internal Auditor engaged Date of engagement of current provider: 17 August 2022
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
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: 26 October 2022
Quarterly Budget Reports Quarterly report to Council under section 97 of the Act, comparing actual and budgeted results and an explanation of any material variations.	✓ Quarterly Reports presented to Council in accordance with section 97 (1) of the Act Dates reports presented: 16 November 2022 15 March 2023 10 May 2023

Governance and Management Item	Assessment
Risk Reporting Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies	✓ Reports Risk reports prepared and presented: 22 November 2022 20 June 2023
Performance Reporting Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 98 of the Act	✓ Report Reports prepared and presented: 26 October 2022 15 March 2023
Annual Report Annual report under sections 98 and 99 of the Act containing a report of operations and audited financial performance statements	✓ Annual Report presented at a meeting of Council in accordance with section 100 of the Act Council Meeting: 26 October 2022
Councillor Code of Conduct Code setting out the standards of conduct be followed by Councillors and other matters	✓ Code of Conduct reviewed and adopted in accordance with section 139 of the Act Date reviewed: 10 March 2021
Delegations documents 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 11(7) of the Act Date of review: 24 May 2023
Meeting Procedures Governance Rules governing the conduct of meetings of Council and delegated committees	✓ Governance Rules adopted in accordance with section 60 of the Act Date adopted: 31 August 2022

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



Dom Testoni
Chief Executive Officer
Dated: 20 December 2023



Cr Danny Claridge
Mayor
Dated: 20 December 2023

PERFORMANCE STATEMENT

For the year ended 30 June 2023



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 Rural City is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. Benalla's features include a central lake, Botanical Gardens and Riverine Parklands, walking paths and an attractive and vibrant town centre. Key industries include manufacturing, agriculture, retail and construction. The council covers an area of 235,059 hectares and has a population of 14,450.

Overview of 2023

During the financial year the council income totalled \$45.464 million and expenses \$40.286 million resulting in a surplus of \$5.178 million. Delivery of services was impacted by a major flood event in October 2022, a storm event in January 2023 and another flood event in 2023. Council also experienced supply issues for labour, materials and services which was consistent with issues experienced by many across Victoria during the year because of post COVID supply issues and Flood events. Capital Works for the year totalled \$7.458 million. The delivery of these works was across major asset types of Infrastructure \$3.915 million, Property \$2.438 million and Plant and Equipment \$1.105 million.

A flood event in October 2022 and storm in January 2023 caused significant damage to civil infrastructure resulting in significant impairment of Council assets. Unbudgeted works associated with the flood and storm events required rectification works on unsealed road totalled \$6.165 million in the year. Future repairs works are estimated to cost \$10 million, however, Council is eligible for assistance under the Natural Disaster Financial Assistance scheme.

Sustainable Capacity Indicators

For the year ended 30 June 2023

Indicator / Measure	Results				Material Variations
	2020	2021	2022	2023	
POPULATION					
Expenses per head of municipal population <i>[Total expenses / Municipal population]</i>	\$2,808	\$2,285	\$2,438	\$2,788	There has been a 14 percent increase in expenses per head of municipal population since last year impacted by the October 2022 Flood Recovery extra expense.
Infrastructure per head of municipal population <i>[Value of infrastructure / Municipal population]</i>	\$15,345	\$15,316	\$17,312	\$17,213	No material variation.
Population density per length of road <i>[Municipal population / Kilometres of local roads]</i>	10	10	10	11	No material variation.
OWN-SOURCE REVENUE					
Own-source revenue per head of municipal population <i>[Own-source revenue / Municipal population]</i>	\$1,688	\$1,691	\$1,744	\$1,775	No material variation.
RECURRENT GRANTS					
Recurrent grants per head of municipal population <i>[Recurrent grants / Municipal population]</i>	\$531	\$558	\$656	\$648	No material variation.
DISADVANTAGE					
Relative socio-economic disadvantage <i>[Index of Relative Socio-economic Disadvantage by decile]</i>	2	2	2	3	The result of this measure has increased due to the (SEIFA) ranking increasing from two to three.
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>	7.5%	11.7%	8.5%	29.6%	The result for this measure has increased due to the cessation of the Aged and Disability Services program within Council and therefore, has resulted in many employee redundancies.

Sustainable Capacity Indicators

For the year ended 30 June 2023

Definitions

“adjusted underlying revenue” means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) 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 2023

Service / Indicator / Measure	Results				Material Variations
	2020	2021	2022	2023	
AQUATIC FACILITIES					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	5	2	4	5	The result for this measure has increased due to a successful marketing campaign that aimed to increase enrolments in the Learn to Swim program and increase general membership numbers.
ANIMAL MANAGEMENT					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100]	0%	100%	60%	100%	The result for this measure has increased due to non-compliance and animal attacks, therefore, leading to more prosecutions.
FOOD SAFETY					
Health and safety					
Critical and major non-compliance notifications [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	100%	0%	0%	0%	No critical and major non-compliance outcome notifications for the 2022 calendar year.
GOVERNANCE					
Satisfaction					
Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	54	57	48	43	No single issue identified that has caused this decrease.
LIBRARIES					
Participation					
Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	17%	15%	13%	12%	No material variation.

Service Performance Indicators

For the year ended 30 June 2023

Service / Indicator / Measure	Results				Material Variations
	2020	2021	2022	2023	
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>	79%	78%	88%	85%	No material variation.
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>	76%	75%	89%	96%	No material variation.
ROADS					
Satisfaction					
Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</i>	49	53	45	42	No material variation.
STATUTORY PLANNING					
Decision making					
Council planning decisions upheld at VCAT <i>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</i>	50%	0%	33%	0%	One decision was determined by VCAT in 2022/23 which was set aside.
WASTE COLLECTION					
Waste diversion					
Kerbside collection waste diverted from landfill <i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i>	61%	61%	60%	59%	No material variation.

Service Performance Indicators

For the year ended 30 June 2023

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 section 98 of the Act.

"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. Council has utilised the March 2022 Australian Bureau of Statistics release of population estimate.

Financial Performance Indicators

For the year ended 30 June 2023

Dimension / Indicator / Measure	Results				Forecast				Material Variations	
	2020	2021	2022	2023	2024	2025	2026	2027		
EFFICIENCY										
Expenditure level										
Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$4,874	\$3,995	\$4,219	\$4,862	\$4,588	\$4,460	\$4,541	\$4,598	There has been a 15 percent increase in expenses per property assessment since last year impacted by October 2022 flood recovery expenditure.	
Revenue level										
Average rate per property assessment <i>General rates and Municipal charges / Number of property assessments]</i>	\$1,850	\$1,913	\$1,951	\$1,997	\$2,052	\$2,096	\$2,127	\$2,158	No material variation.	
LIQUIDITY										
Working capital										
Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	187%	203%	198%	268%	165%	195%	197%	174%	There has been a 35 percent increase in current assets compared to current liabilities since last year due to decrease in unearned income/ revenue due to delivery of funded projects.	
Unrestricted cash										
Unrestricted cash compared to current liabilities <i>[Unrestricted cash / Current liabilities] x100</i>	63%	26%	52%	26%	125%	151%	147%	120%	There has been a 50 percent decrease in unrestricted cash compared to current liabilities since last year. Unrestricted cash has fallen by \$5.665 million as a result of significant reduction in cash and the remaining balance still being in part tied to grant projects.	
OBLIGATIONS										
Loans and borrowings										
Loans and borrowings compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	21%	26%	19%	14%	10%	12%	10%	7%	There has been a 28 percent decrease in loan and borrowings compared to rates since last year. Principal repayments of \$931,000 have reduced total borrowings.	

Financial Performance Indicators

For the year ended 30 June 2023

Dimension / Indicator / Measure	2020	Results			Forecast				Material Variations
		2021	2022	2023	2024	2025	2026	2027	
Loans and borrowings									
Loans and borrowings repayments compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	5%	5%	6%	5%	3%	3%	3%	2%	There has been a 16 percent decrease in loans and borrowings repayments compared to rates since last year. Increased interest rates have slowed principal repayments on a reducing loan base.
Indebtedness									
Non-current liabilities compared to own source revenue <i>[Non-current liabilities / Own source revenue] x100</i>	52%	50%	59%	55%	53%	58%	52%	48%	No material variation.
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation <i>[Asset renewal and upgrade expense / Asset depreciation] x100</i>	51%	40%	47%	90%	209%	183%	59%	64%	The result for this measure has increased due to an increase in the renewal and upgrade capital works spend.
OPERATING POSITION									
Adjusted underlying result									
Adjusted underlying surplus (or deficit) <i>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</i>	-21%	7%	6%	7%	-11%	-6%	-7%	-7%	There has been a 37 percent increase in adjusted underlying surplus since last year due to a significant increase in operating grants relating to October 2022 flood recovery.
STABILITY									
Rates concentration									
Rates compared to adjusted underlying revenue <i>[Rate revenue / Adjusted underlying revenue] x100</i>	57%	55%	55%	48%	64%	64%	64%	64%	The has been a 12 percent decrease in rates compared to adjusted underlying revenue since last year as the current year adjusted underlying revenue is inflated by one-off grants for October 2022 Flood recovery.

Financial Performance Indicators

For the year ended 30 June 2023

Dimension / Indicator / Measure	Results				Forecast				Material Variations
	2020	2021	2022	2023	2024	2025	2026	2027	
Rates effort									
Rates compared to property values <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.63%	0.62%	0.59%	0.47%	0.41%	0.42%	0.42%	0.43%	The has been a 20 percent decrease in rates compared to property values since last year as a result of substantial increases in capital improved valuations.

Definitions

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) 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 2023

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020.

Where applicable the results in the performance statement have been prepared on accounting 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 2020 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its financial plan on 28 June 2023 and which forms part of the council plan. The financial 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 financial 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 2020* and the *Local Government (Planning and Reporting) Regulations 2020* (as per the transitional provisions of the *Local Government Act 2020*).



Catherine Fitzpatrick, CPA
Principal Accounting Officer

Dated: 20 December 2023

In our opinion, the accompanying performance statement of the Benalla Rural City Council for the year ended 30 June 2022 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020* (as per the transitional provisions of the *Local Government Act 2020*).

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 2020* to certify this performance statement in its final form.



Cr Danny Claridge
Mayor

Dated: 20 December 2023



Cr Bernie Hearn
Councillor

Dated: 20 December 2023



Dom Testoni
Chief Executive Officer

Dated: 20 December 2023

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 2023 • overview of 2023 • sustainable capacity indicators for the year ended 30 June 2023 • service performance indicators for the year ended 30 June 2023 • financial performance indicators for the year ended 30 June 2023 • other information and • certification of the performance statement. <p>In my opinion, the performance statement of Benalla Rural City Council in respect of the year ended 30 June 2023 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 4 of the <i>Local Government Act 2020</i> and <i>Local Government (Planning and Reporting) Regulations 2020</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors 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 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of a performance statement that is free from material misstatement, whether due to fraud or error.</p>

**Auditor's
responsibilities
for the audit of
the performance
statement**

As required by the *Audit Act 1994*, 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether 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
21 December 2023

Travis Derricott
as delegate for the Auditor-General of Victoria

FINANCIAL REPORT

For the year ended 30 June 2023



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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 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the *Australian Accounting Standards* and other mandatory professional reporting requirements.



Catherine Fitzpatrick, CPA
Principal Accounting Officer

Dated: 20 December 2023

In our opinion, the accompanying financial statements present fairly the financial transactions of the Benalla Rural City Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.



Cr Danny Claridge
Mayor

Dated: 20 December 2023



Cr Bernie Hearn
Councillor

Dated: 20 December 2023



Dom Testoni
Chief Executive Officer

Dated: 20 December 2023

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 2023 • 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 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</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 <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
21 December 2023



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	Restated 2022 \$'000
Income / Revenue			
Rates and charges	3.1	21,000	19,978
Statutory fees and fines	3.2	567	731
User fees	3.3	3,540	3,831
Grants - operating	3.4	16,594	10,401
Grants - capital	3.4	2,584	3,720
Contributions - monetary	3.5	280	391
Contributions - non monetary	3.5	350	139
Other income	3.6	549	180
Total income / revenue		45,464	39,371
Expenses			
Employee costs	4.1	11,937	13,889
Materials and services	4.2	20,329	12,947
Depreciation	4.3	6,066	6,039
Amortisation - intangible assets	4.4	338	253
Amortisation - right of use assets	4.5	336	366
Bad and doubtful debts - allowance for impairment losses	4.6	-	21
Borrowing costs	4.7	138	92
Finance costs - leases	4.8	27	31
Net loss on disposal of property, infrastructure, plant and equipment	4.9	154	71
Other expenses	4.10	961	811
Total expenses		40,286	34,520
Surplus/(deficit) for the year		5,178	4,851
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement) ₁	6.1	7,087	30,976
Total other comprehensive income		7,087	30,976
Total comprehensive result		12,265	35,827

₁ Restatement of opening balance, refer note 8.6

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

Balance Sheet As at 30 June 2023

	Note	2023 \$'000	Restated 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	9,468	17,782
Trade and other receivables	5.1	6,436	3,681
Other financial assets	5.1	17,042	12,209
Inventories	5.2	54	27
Prepayments	5.2	226	154
Total current assets		33,226	33,853
Non-current assets			
Property, infrastructure, plant and equipment	6.1	286,397	278,151
Right-of-use assets	5.8	488	548
Intangible assets	5.2	3,598	3,936
Total non-current assets		290,483	282,635
Total assets		323,709	316,488
Liabilities			
Current liabilities			
Trade and other payables	5.3	3,239	4,780
Trust funds and deposits	5.3	817	1,053
Unearned income/revenue	5.3	2,676	5,030
Provisions	5.5	4,770	4,987
Interest-bearing liabilities	5.4	650	977
Lease liabilities	5.8	255	270
Total current liabilities		12,407	17,097
Non-current liabilities			
Provisions	5.5	11,633	11,337
Interest-bearing liabilities	5.4	2,205	2,809
Lease liabilities	5.8	246	292
Total non-current liabilities		14,084	14,438
Total liabilities		26,491	31,535
Net assets		297,218	284,953
Equity			
Accumulated surplus		152,992	147,908
Reserves ₁	9.1	144,226	137,045
Total Equity		297,218	284,953

₁ Restatement of opening balance, refer note 8.6

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

Statement of Changes in Equity For the Year Ended 30 June 2023

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year	8.6	284,953	147,908	136,084	961
Surplus/(deficit) for the year		5,178	5,178	-	-
Net asset revaluation increment/(decrement)	6.1	7,087	-	7,087	-
Transfers to other reserves	9.1	-	(94)	-	94
		<u>297,218</u>	<u>152,992</u>	<u>143,171</u>	<u>1,055</u>
Balance at end of the financial year		297,218	152,992	143,171	1,055

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022 restated					
Balance at beginning of the financial year		264,724	143,206	120,706	812
Adjustment to de recognise land balances	8.6	(9,863)	-	(9,863)	-
Adjusted opening balance		<u>254,861</u>	<u>143,206</u>	<u>110,843</u>	<u>812</u>
Surplus for the year		4,851	4,851	-	-
Net asset revaluation increment	6.1	30,976	-	30,976	-
Transfers to other reserves	9.1	(5,735)	-	(5,735)	-
Transfers from other reserves	9.1	-	(149)	-	149
		<u>284,953</u>	<u>147,908</u>	<u>136,084</u>	<u>961</u>
Balance at end of the financial year		284,953	147,908	136,084	961

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

Statement of Cash Flows For the Year Ended 30 June 2023

		2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		20,902	20,122
Statutory fees and fines		567	731
User fees		3,540	3,831
Grants - operating		14,427	9,341
Grants - capital		(172)	3,371
Contributions - monetary		280	391
Interest received		493	57
Net GST refund/payment		2,255	936
Employee costs		(12,199)	(14,066)
Materials and services		(23,823)	(11,160)
Short-term, low value and variable lease payments		(86)	(127)
Receipts from other Income		3	270
Trust funds and deposits repaid		(236)	214
Other payments		(620)	(392)
Net cash provided by/(used in) operating activities		5,331	13,519
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(7,458)	(6,523)
Proceeds from sale of property, infrastructure, plant and equipment		79	-
Payments for investments		(4,833)	(20)
Proceeds from sale of investments		-	(1)
Net cash provided by/(used in) investing activities		(12,212)	(6,544)
Cash flows from financing activities			
Finance costs		(138)	(92)
Repayment of borrowings		(931)	(1,117)
Interest paid - lease liability		(27)	(31)
Repayment of lease liabilities		(337)	(365)
Net cash provided by/(used in) financing activities		(1,433)	(1,605)
Net increase (decrease) in cash and cash equivalents		(8,314)	5,370
Cash and cash equivalents at the beginning of the financial year		17,782	12,412
Cash and cash equivalents at the end of the financial year		9,468	17,782

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

Statement of Capital Works For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Property			
Buildings		2,438	173
Heritage buildings		-	3
Total buildings		<u>2,438</u>	<u>176</u>
Total property		<u>2,438</u>	<u>176</u>
Plant and equipment			
Art Collection		22	-
Plant, machinery and equipment		531	312
Fixtures, fittings and furniture		350	190
Computers and telecommunications		112	10
Library books		90	89
Total plant and equipment		<u>1,105</u>	<u>601</u>
Infrastructure			
Roads		2,308	2,655
Bridges		170	-
Footpaths and cycleways		410	75
Drainage		246	140
Waste management		237	2,054
Parks, open space and streetscapes		419	331
Off street car parks		70	352
Other infrastructure		55	141
Total infrastructure		<u>3,915</u>	<u>5,748</u>
Total capital works expenditure		<u>7,458</u>	<u>6,525</u>
Represented by:			
New asset expenditure		1,495	3,717
Asset renewal expenditure		5,156	1,720
Asset expansion expenditure		494	-
Asset upgrade expenditure		313	1,088
Total capital works expenditure		<u>7,458</u>	<u>6,525</u>

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

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

Note 1 OVERVIEW

Introduction

The 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 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies

1.1 Basis of accounting

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements

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

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

1.2 Impact of Covid-19

During 2022-23 the COVID-19 pandemic has not had any significant impacts on its financial operations.

1.3 Impact of Flood and Storm Events

Benalla Rural City Council experienced three flood and storm events during 2022-2023:

October 2022 Major Flood

January 2023 Storm event

June 2023 Storm event

Council has noted the following significant impacts these events had on its financial operations.

Additional revenue

Increased funds have been received related with grant income from the Natural Disaster flood event October 2022 event \$6.325 million and Council Flood Support Fund October 2022 Victorian Floods \$1 million.

Additional costs

Costs have increased due to responding to the events. These costs relate to materials and services associated with the Flood Recovery costs spent on unsealed road rectification works \$6,165,637 and significantly higher Contractor and consultants' expenditure. Not all costs incurred in relation to these events will not be able to be claimed against Government funds.

Capital Works Program was impacted with the delayed delivery of many roads, drainage, footpath and aerodrome projects.

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

Note 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$50,000 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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income / Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	20,679	21,000	321	2%	1
Statutory fees and fines	474	567	93	20%	2
User fees	4,602	3,540	(1,062)	-23%	3
Grants - operating	3,185	16,594	13,409	421%	4
Grants - capital	7,644	2,584	(5,060)	-66%	5
Contributions - monetary	84	280	196	233%	6
Contributions - non monetary	96	350	254	265%	7
Net gain on disposal of property, infrastructure, plant and equipment	25	-	(25)	-100%	8
Other income	73	549	476	652%	9
Total income / revenue	36,862	45,464	8,602	23%	
Expenses					
Employee costs	12,138	11,937	(201)	-2%	10
Materials and services	13,807	20,329	6,522	47%	11
Depreciation	7,489	6,066	(1,423)	-19%	12
Amortisation - intangible assets	477	338	(139)	-29%	13
Amortisation - right of use assets	334	336	3	1%	
Bad and doubtful debts - allowance for impairment losses	14	-	(14)	-100%	14
Borrowing costs	91	138	47	52%	15
Finance costs - leases	35	27	(8)	-23%	16
Net loss on disposal of property, infrastructure, plant and equipment	-	154	154	-100%	8
Other expenses	948	961	12	1%	17
Total expenses	35,333	40,286	4,953	14%	
Surplus/(deficit) for the year	1,529	5,178	(3,649)	-239%	

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

2.1 Performance against budget (cont.)

(i) Explanation of material variations

Variance	Reference item	
1	Rates and charges	Increases in rates and charges includes supplementary rates raised \$316,000.
2	Statutory fees and fines	Higher Planning fees \$51,766; Compliance fines \$22,209; Environmental Health fees \$9,870 and Certificate charges \$8,891.
3	User fees	Following the adoption of an Internal Audit recommendation, \$1.5m of internal user fees (including Benalla Aquatic Centre management \$0.765 million and \$0.345 million Landfill and Kerbside waste fees) between different Council functions, have been eliminated from user fee revenue and materials and services expenses. These internal charges were included within the budget balances, therefore resulting in the significant variance. If the eliminated internal user fees were added back into current year balances, this would reflect a \$1.1m increase in actuals offsetting the budget variance.
4	Grants - operating	New grants and 2021/22 carry forwards not included in 2022/23 Original budget. Additional \$5.388 million (Financial Assistance Grants) representing a 100% advancement of 2023/24 financial year grant received in June 2023. Additional income associated with the Natural Disaster flood event October 2022 event \$6.325 million; Council Flood Support Fund October 2022 Victorian Floods \$1 million.
5	Grants - capital	Budgeted grants deferred to unearned income as outcomes not delivered e.g. Art Gallery Redevelopment \$2.5 million and Local Road and Community Infrastructure Fund \$1.068 million
6	Contributions - monetary	Contributions received towards community projects \$170,364 and contributions Public Open space \$24,200.
7	Contributions - non monetary	Higher recognition of Volunteer Services \$254,298 returning post COVID service closures.
8	Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	When assets are replaced renewed or upgraded the underlying book value of the asset must be written out of the asset register. This value is recorded as an incomes when a gain is made or as an expense when a loss results. The amount of the expense depends on the time of completion of works scheduled in the Capital Works Program. An expense of \$154,000 was incurred.
9	Other income	Favourable return on investments due to increased investment rates \$462,985 and higher investment rates and other reimbursements such as insurance \$12,852.
10	Employee costs	Various staff vacancies across the organisation, filled with short term contractors (materials and services).
11	Materials and services	Major increase in Materials and services due to the Flood Recovery costs spent on unsealed road rectification works \$6,165,637. Contractor and consultants expenditure was higher, offsetting the savings in employee costs.
12	Depreciation	Delayed 2021/22 and 22/23 Capital works assets delivery resulted in reduced charges for year estimated \$1.3 million.
13	Amortisation - intangible assets	Delay in operational use of new cell at Benalla Resources and Recovery Centre resulted in reduced airspace consumption.
14	Bad and doubtful debts - allowance for impairment losses	Favourable variance due to the unexpected settlement of \$30,995 that was allowed for as the main impairment loss.
15	Borrowing costs	Unfavourable variance increased interest rates resulted in higher interest expenses on variable loan components \$42,231.
16	Finance costs - leases	Favourable variance due to the purchase of vehicles reducing the actual expense relative to budget.
17	Other expenses	Unfavourable additional contribution to landfill rehabilitation provision \$0.34 million offset by reduced contributions to grant funded community projects yet to be finalised \$0.289 million.

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

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	5,850	2,438	(3,412)	-58%	1
Total buildings	5,850	2,438	(3,412)	-58%	
Total property	5,850	2,438	(3,412)	-58%	
Plant and equipment					
Art Collection	-	22	22	100%	2
Plant, machinery and equipment	565	531	(34)	-6%	3
Fixtures, fittings and furniture	520	350	(170)	-33%	4
Computers and telecommunications	512	112	(400)	-78%	5
Library books	96	90	(6)	-6%	
Total plant and equipment	1,693	1,105	(588)	-35%	
Infrastructure					
Roads	2,821	2,308	(513)	-18%	6
Bridges	420	170	(250)	-60%	7
Footpaths and cycleways	749	410	(339)	-45%	8
Drainage	948	246	(702)	-74%	9
Recreational, leisure and community facilities	100	-	(100)	-100%	10
Waste management	2,305	237	(2,068)	-90%	11
Parks, open space and streetscapes	547	419	(128)	-23%	12
Aerodromes	65	-	(65)	-100%	13
Off street car parks	60	70	10	17%	
Other infrastructure	495	55	(440)	-89%	14
Total infrastructure	8,510	3,915	(4,595)	-54%	
Total capital works expenditure	16,053	7,458	(8,595)	-54%	
Represented by:					
New asset expenditure	2,970	1,495	(1,475)	-50%	
Asset renewal expenditure	10,439	5,156	(5,283)	-51%	
Asset expansion expenditure	-	494	494	100%	
Asset upgrade expenditure	2,644	313	(2,331)	-88%	
Total capital works expenditure	16,053	7,458	(8,595)	-54%	

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

2.1.2 Capital works

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	\$2.5 million Benalla Art Gallery Redevelopment project - planning and design in 21/22 and 22/23. Construction contractors to be procured in 23/24. Benalla Visitor Information Centre Redevelopment project - started June 2022 will be finished in September 2023.
2	Art Collection	Unbudgeted contribution to the purchase of additional art collection items.
3	Plant, machinery and equipment	Major plant purchases impacted by COVID-19 supply issues.
4	Fixtures, fittings and furniture	Audio system transferred from Building Asset type (\$62,176). Benalla Town Hall Interior Upgrade project partly delivered in 22/23, but impacted by COVID-19 supply issues.
5	Computers and telecommunications	Information Technology items delivery delays due to COVID-19 supply chain issues. Computer system purchases delayed due to collaborative IT project.
6	Roads	Road works delayed due to October 2022 flood event and January 2023 storm event.
7	Bridges	\$139,000 of unbudgeted bridge works undertaken due to October 2022 flood event. \$390,000 of budgeted Bridge works delayed due to October 2022 flood.
8	Footpaths and cycleways	Footpath works delayed due to October 2022 flood event, primarily, Lakeside Boardwalk renewal \$150,000 and Mair Street, Benalla footpath replacement \$139,000
9	Drainage	Various Drainage Strategy works delayed due to October 2022 flood event.
10	Recreational, leisure and community facilities	\$100,000 Skate Park works delayed. Community consultation undertaken in 22/23. Project to be delivered in 23/24.
11	Waste management	Landfill Rehabilitation \$2.074 million to be delivered 23/24 due to a delay in the submission of plans to the Environment Protection Authority.
12	Parks, open space and streetscapes	\$100,000 dog park. Community consultation and design in 22/23. Project to be completed in first-half of 2023/24. \$100,000 Mural Precinct upgrades and \$75,000 Mitchell Street Lakeside Park delayed due to October 2022 flood event.
13	Aerodromes	All aerodrome project works suspended until 23/24.
14	Other infrastructure	Baddaginnie Road Street Light installation partly delivered and will be finalised in 23/24. Bridge Street, Benalla Streetscape Upgrade - planning and community consultation started in 22/23, but suspended due to October 2022 flood event.

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

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Chief Executive Officer Division

Corporate Division

2.2.1 Chief Executive Officer Division

The Chief Executive division oversees the running of the entire organisation.

2.2.2 Corporate Division

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

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Chief Executive Officer Division	6	811	(805)	-	-
Corporate Division	45,458	39,475	5,983	19,178	323,709
	45,464	40,286	5,178	19,178	323,709
	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total Assets ₁
	\$'000	\$'000	\$'000	\$'000	\$'000
2022 restated					
Chief Executive Officer Division	18	709	(691)	-	-
Corporate Division	39,282	33,740	5,542	14,121	316,488
	39,300	34,449	4,851	14,121	316,488

₁ Restatement of opening balance, refer note 8.6

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

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

3.1 Rates and charges

Council uses Capital Improved 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 2022/23 was \$4.489 billion (2021/22 \$3.669 billion).

General rates	14,176	13,736
Municipal charge	2,054	1,987
Waste management charge	4,000	3,730
Cultural and Recreational Properties	-	20
Supplementary rates and rate adjustments	317	203
Interest on rates and charges	53	56
Revenue in lieu of rates	400	246
Total rates and charges	21,000	19,978

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be first applied in the rating year commencing 1 January 2023.

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

Cultural and Recreational Properties are excluded from Rates cap.

3.2 Statutory fees and fines

Infringements and costs	34	28
Court recoveries	21	6
Town planning fees	259	364
Land information certificates	18	22
Permits	235	311
Total statutory fees and fines	567	731

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	12	478
Leisure centre and recreation	497	415
Parking	-	23
Registration and other permits	242	273
Building services	-	9
Waste management services	2,732	2,423
Operations	42	94
Other fees and charges	15	116
Total user fees	3,540	3,831

User fees by timing of revenue recognition

User fees recognised at a point in time	3,540	3,831
Total user fees	3,540	3,831

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.

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

	2023 \$'000	2022 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	9,126	8,339
State funded grants	10,051	5,782
Total grants received	19,178	14,121
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	6,545	5,725
General home care	-	907
<i>Recurrent - State Government</i>		
Aged care	149	331
School crossing supervisors	81	74
Libraries	161	159
Maternal and child health	303	364
Creative Arts Victoria	105	105
Youth Programs & Family Support	610	585
Emergency Resourcing	120	73
Fire Services Property Levy Administrative Support Funding	94	-
Social Inclusion Action Group SAIG	220	-
Total recurrent operating grants	8,388	8,323
<i>Non-recurrent - Commonwealth Government</i>		
Paid Parental Leave	10	83
Local Road and Community Infrastructure	195	30
<i>Non-recurrent - State Government</i>		
Environmental Projects	53	162
Youth Programs & Family Support	176	37
Planning Projects	119	120
Economic Development	100	606
Building Surveyors Program	-	75
COVID-19 Support	78	-
Natural Disaster Claim	7,325	959
Library Programs	21	-
Art Gallery Project - Living Local	30	-
Living Heritage Grants Program, Benalla Migrant Camp Conservation	98	-
Other	1	6
Total non-recurrent operating grants	8,206	2,078
Total operating grants	16,594	10,401

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

3.4 Funding from other levels of government (cont.)

	2023 \$'000	2022 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	975	975
Total recurrent capital grants	975	975
Non-recurrent - Commonwealth Government		
Drought Communities Funding	89	-
Local Road and Community Infrastructure	1,312	618
Non-recurrent - State Government		
Benalla Foreshore Funding	28	856
Department of Treasury & Finance - NDF	(665)	668
Department of Jobs, Precincts and Regions - AGRI Links	-	356
Department of Jobs, Precincts and Regions - Outdoor Activation Plan	213	87
Department of Jobs, Precincts and Regions - Outdoor Eating & Entertainment	74	160
Department of Environment, Land, Water and Planning - Emergency Water Supply	42	-
L2P Funding for New Vehicle	20	-
Department of Justice & Community Safety - Lighting the Lake	32	-
Department of Jobs, Precincts and Regions - Art Gallery Redevelopment	425	-
Department of Jobs, Precincts and Regions - Art Gallery Redevelopment	38	-
Total non-recurrent capital grants	1,609	2,745
Total capital grants	2,584	3,720

(c) Recognition of grant income

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

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

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

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

Income recognised under AASB 1058 Income of Not-for-Profit Entities

General purpose	6,647	5,834
Specific purpose grants to acquire non-financial assets	2,584	3,720
Other specific purpose grants	8,983	2,792

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants	963	1,774
	19,177	14,121

**2023
\$'000**

**2022
\$'000**

(d) Unspent grants received on condition that they be spent in a specific manner

Operating		
Balance at start of year	158	259
Received during the financial year and remained unspent at balance date	91	158
Received in prior years and spent during the financial year	-	(259)
Balance at year end	249	158
Capital		
Balance at start of year	4,866	4,546
Received during the financial year and remained unspent at balance date	20	1,972
Received in prior years and spent during the financial year	(2,466)	(1,652)
Balance at year end	2,420	4,866

Unspent grants are determined and disclosed on a cash basis.

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

	2023 \$'000	2022 \$'000
3.5 Contributions		
Monetary	280	391
Non-monetary	350	139
Total contributions	630	530

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

Art Collection	-	43
Recognition of Volunteer Services	350	96
Total non-monetary contributions	350	139

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

3.6 Other income

Interest	493	57
Other	56	123
Total other income	549	180

Interest is recognised as it is earned.

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

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

	2023 \$'000	2022 \$'000
Note 4 THE COST OF DELIVERING SERVICES		
4.1 (a) Employee costs		
Wages and salaries	10,482	12,396
WorkCover	317	321
Superannuation	1,077	1,129
Fringe benefits tax	61	43
Total employee costs	11,937	13,889

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	37	46
	37	46

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	480	522
Employer contributions - Hesta Superannuation Fund	53	73
Employer contributions - Australian Superannuation Fund	71	65
Employer contributions - VicSuper Superannuation Fund	41	40
Employer contributions - REST Superannuation Fund	-	35
Employee contributions - Australian Retirement Trust	33	-
Employer contributions - Hostplus Superannuation Fund	32	29
Employer contributions - other fund	329	319
	1,039	1,083
Employer contributions payable at reporting date.	82	79

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Contract Payments	5,913	5,548
Materials and Services	7,832	1,363
Environmental Protection Authority Levy	1,248	1,115
Services non contract	1,175	950
Vehicle Expenses	584	882
Insurance	484	525
Electricity and Utilities	600	476
Repairs and Maintenance	399	338
Contract Staff	217	223
Consultants General	126	236
Cleaning Expenses	207	167
Memberships and Subscriptions	186	157
Management Committees	90	136
Advertising and Promotion	104	111
Exhibition/Performance Costs	207	110
Legal Expenses	160	107
Training and development	157	105
Telephone	104	103
Volunteers Services	350	96
Postage	44	49
Machine Hire	27	26
Other	115	124
Total materials and services	20,329	12,947

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

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

	2023 \$'000	2022 \$'000
4.3 Depreciation		
Property	700	515
Plant and equipment	598	645
Infrastructure	4,768	4,879
Total depreciation	6,066	6,039

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

4.4 Amortisation - Intangible assets

Software	12	30
Airspace at Landfill	326	223
Total Amortisation - Intangible assets	338	253

4.5 Amortisation - Right of use assets

Vehicles	275	281
Plant, machinery and equipment	61	85
Total Amortisation - Right of use assets	336	366

4.6 Bad and doubtful debts - allowance for impairment losses

Other debtors	-	21
Total bad and doubtful debts - allowance for impairment losses	-	21

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	31	13
New provisions recognised during the year	29	21
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	(31)	(3)
Balance at end of year	29	31

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

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

	2023 \$'000	2022 \$'000
4.7 Borrowing costs		
Interest - Borrowings	138	92
Total borrowing costs	138	92

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	27	31
Total finance costs	27	31

4.9 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	(79)	-
Written down value of assets disposed	233	71
Total net loss on disposal of property, infrastructure, plant and equipment	154	71

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

4.10 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	54	49
Auditors' remuneration - Internal Audit	5	8
Councillors' allowances	239	221
Contributions - Community Support and Events Street Art	323	113
Recognition of increase / (reduction) landfill rehabilitation	340	420
Total other expenses	961	811

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

Note 5 OUR FINANCIAL POSITION

	2023	2022
	\$'000	\$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	9,467	17,781
Total cash and cash equivalents	9,468	17,782
(b) Other financial assets		
Current		
Term deposits - current	17,042	12,209
Total current other financial assets	17,042	12,209
Total non-current other financial assets	-	-
Total other financial assets	17,042	12,209
Total financial assets	26,510	29,991

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

(c) Trade and other receivables

Current

<i>Statutory receivables</i>		
Rates debtors	1,220	1,122
Net GST receivable	226	194
<i>Non statutory receivables</i>		
Other debtors	5,019	2,396
Provision for doubtful debts - other debtors	(29)	(31)
Total current trade and other receivables	6,436	3,681

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

(d) Ageing of Receivables

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

Current (not yet due)	4,756	2,268
Past due by up to 30 days	157	53
Past due between 31 and 180 days	71	12
Past due between 181 and 365 days	2	31
Past due by more than 1 year	4	1
Total trade and other receivables	4,990	2,365

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$29,000 (2022: \$31,000) were impaired. The amount of the provision raised against these debtors was \$29,000 (2022: \$31,000). 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:

Current (not yet due)	(2)	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	(7)	-
Past due between 181 and 365 days	(15)	(31)
Past due by more than 1 year	(5)	-
Total trade & other receivables	(29)	(31)

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

5.2 Non-financial assets

(a) Inventories

	2023	2022
	\$'000	\$'000
Inventories held for distribution	54	27
Total inventories	54	27

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	226	154
Total other assets	226	154

(c) Intangible assets

Software	44	56
Landfill air space	3,554	3,880
Total intangible assets	3,598	3,936

	Software	Landfill	Total
	\$'000	\$'000	\$'000
Gross carrying amount			
Balance at 1 July 2022	135	4,954	5,089
Additions from internal developments	-	-	-
Other additions	-	-	-
Balance at 30 June 2023	135	4,954	5,089
Accumulated amortisation and impairment			
Balance at 1 July 2022	79	1,074	1,153
Amortisation expense	12	326	338
Balance at 30 June 2023	91	1,400	1,491
Net book value at 30 June 2022	56	3,880	3,936
Net book value at 30 June 2023	44	3,554	3,598

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.

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

	2023	2022
	\$'000	\$'000
5.3 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	2,568	3,441
Accrued expenses	671	1,339
Total current trade and other payables	3,239	4,780
 (b) Trust funds and deposits		
Current		
Refundable deposits	645	413
Retention amounts	122	140
Other refundable deposits	50	500
Total current trust funds and deposits	817	1,053
 (c) Unearned income/revenue		
Current		
Grants received in advance - operating	249	158
Grants received in advance - capital	2,420	4,866
Other	7	6
Total current unearned income/revenue	2,676	5,030

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of grants received. Unearned income/revenue are derecognised and recorded as revenue when promised goods or services are transferred to the customer. Refer to Note 3.

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

Purpose and nature of items

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 2023

5.4 Interest-bearing liabilities

	2023	2022
	\$'000	\$'000
Current		
Other borrowings - secured	650	977
Total current interest-bearing liabilities	650	977
Non-current		
Other borrowings - secured	2,205	2,809
Total non-current interest-bearing liabilities	2,205	2,809
Total	2,855	3,786

Borrowings are secured by a charge over general rates.

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

Not later than one year	650	977
Later than one year and not later than five years	1,577	1,885
Later than five years	628	924
	2,855	3,786

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
2023			
Balance at beginning of the financial year	3,016	13,308	16,324
Additional provisions	725	1,041	1,766
Amounts used	(962)	-	(962)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(25)	(700)	(725)
Balance at the end of the financial year	2,754	13,649	16,403
<i>Provisions - current</i>	2,540	2,230	4,770
<i>Provisions - non-current</i>	214	11,419	11,633
2022			
Balance at beginning of the financial year	3,193	9,008	12,201
Additional provisions	959	3,972	4,931
Amounts used	(912)	-	(912)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(224)	328	104
Balance at the end of the financial year	3,016	13,308	16,324
<i>Provisions - current</i>	2,757	2,230	4,987
<i>Provisions - non-current</i>	259	11,078	11,337

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

5.5 Provisions (cont.)	2023	2022
(a) Employee provisions	\$'000	\$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	966	1,052
Long service leave	169	120
	1,135	1,172
Current provisions expected to be wholly settled after 12 months		
Annual leave	-	-
Long service leave	1,405	1,585
	1,405	1,585
Total current employee provisions	2,540	2,757
Non-current		
Long service leave	214	259
Annual leave	-	-
Total non-current employee provisions	214	259
Aggregate carrying amount of employee provisions:		
Current	2,540	2,757
Non-current	214	259
Total aggregate carrying amount of employee provisions	2,754	3,016

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

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

Key assumptions:

- discount rate	4.07%	3.43%
- index rate	1.85%	1.85%

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

5.5 Provisions (cont.)	2023	2022
(b) Landfill restoration	\$'000	\$'000
Current	2,230	2,230
Non-current	11,419	11,078
	13,649	13,308

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. Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate	4.10%	3.69%
- index rate	4.70%	4.30%

5.6 Financing arrangements

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

Credit card facilities	100	100
Fixed Rate Loan Facilities	2,855	3,786
Total facilities	2,955	3,886
Used facilities	2,904	3,835
Unused facilities	51	51

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

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Operating					
Kerbside waste, recyclables, organics collection	1,800	-	-	-	1,800
Management of Aquatic Centre	721	721	-	-	1,442
Recycling	330	-	-	-	330
Cleaning contracts for council buildings	223	130	-	-	353
Organics acceptance and processing	206	-	-	-	206
Cinema - Design and equipment	109	-	-	-	109
Lighting River Walk Section F / Botanical Gardens	102	-	-	-	102
Animal Management	100	17	-	-	117
Dry Hire of landfill compactor	69	11	-	-	80
Building Surveyor Services	45	-	-	-	45
Professional Services	41	41	-	-	82
Building HVAC Maintenance	25	25	-	-	50
Insurance Broking	22	-	-	-	22
After Hours Call Management	12	12	-	-	24
MAV Procurement Training	5	4	-	-	9
Total	3,810	961	-	-	4,771
Capital					
Buildings	296	-	-	-	296
Total	296	-	-	-	296
2022					
Operating					
Kerbside waste, recyclables, organics collection	1,600	1,600	-	-	3,200
Management of Aquatic Centre	850	850	850	-	2,550
Recycling	330	330	-	-	660
High Country Library Network	210	-	-	-	210
Organics acceptance and processing	241	241	-	-	482
Cleaning contracts for council buildings	43	-	-	-	43
Powerline Clearance, Property Service Line Clearance & Auditing Service	100	-	-	-	100
Animal Management	100	100	17	-	217
Insurance Broking	20	22	-	-	42
Landfill dry hire compactor	58	58	58	-	174
Landfill - Consulting and reporting	75	-	-	-	75
After Hours Call Management	12	12	24	-	48
HLCN RFID Supply, Installation & Maintenance	4	4	12	8	28
Building HVAC Maintenance	25	25	75	-	125
Food Services - Meals for delivery	10	-	-	-	10
Total	3,678	3,242	1,036	8	7,963
Capital					
Buildings	2,598	-	-	-	2,598
Drainage	175	-	-	-	175
Total	2,773	-	-	-	2,773

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

5.8 Leases

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

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

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

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

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

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

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

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

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

- Nature and term of leases such as any qualitative information about restrictions on use of asset, information about lease term, description of underlying assets.

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

5.8 Leases (cont.)

Right-of-Use Assets

	Property	Vehicles	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2022	346	202	548
Additions	-	276	276
Amortisation charge	(61)	(275)	(336)
Balance at 30 June 2023	285	203	488

Lease Liabilities

	2023	2022
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	275	294
One to five years	258	316
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	533	610

Lease liabilities included in the Balance Sheet at 30 June:

Current	255	270
Non-current	246	292
Total lease liabilities	501	562

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.

	2023	2022
	\$'000	\$'000
Expenses relating to:		
Short-term leases	43	47
Leases of low value assets	43	80
Total	86	127

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

Note 6 ASSETS WE MANAGE

6.1. Restated property, infrastructure plant and equipment

Summary of property, infrastructure, plant and equipment

	Restated Carrying amount 30 June 2022	Additions	Revaluation	Impairment losses recognised in operating result	Impairment losses recognised in revaluation reserve	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property ¹	67,802	-	2,059	-	-	(700)	-	-	-	69,161
Plant and equipment	33,278	891	9	-	-	(598)	(12)	-	-	33,568
Infrastructure	174,228	3,573	9,316	(174)	(4,298)	(4,768)	-	(46)	2,420	180,251
Work in progress	2,842	2,994	-	-	-	-	-	-	(2,420)	3,416
Total	278,151	7,458	11,384	(174)	(4,298)	(6,066)	(12)	(46)	-	286,397

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	240	2,438	-	2,678
Plant and equipment	-	214	-	214
Infrastructure	2,602	342	(2,420)	524
Total	2,842	2,994	(2,420)	3,416

¹ Restatement of opening balance, refer note 8.6

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

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

(a) Property

	Land - specialised ₁	Land - non specialised ₁	Land under Roads	Total Land & Land Improvements	Heritage buildings	Buildings	Total Buildings	Work in Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Restated	22,427	1,190	14,047	37,664	936	58,744	59,680	240	97,584
At fair value 1 July 2022	-	-	-	-	(874)	(28,668)	(29,542)	-	(29,542)
Accumulated depreciation at 1 July 2022	22,427	1,190	14,047	37,664	62	30,076	30,138	240	68,042
Movements in fair value									
Additions	-	-	-	-	-	-	-	2,438	2,438
Revaluation	-	-	-	-	66	4,110	4,176	-	4,176
	-	-	-	-	66	4,110	4,176	2,438	6,614
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(16)	(684)	(700)	-	(700)
Revaluation	-	-	-	-	(62)	(2,055)	(2,117)	-	(2,117)
	-	-	-	-	(78)	(2,739)	(2,817)	-	(2,817)
At fair value 30 June 2023	22,427	1,190	14,047	37,664	1,002	62,854	63,856	2,678	104,198
Accumulated depreciation at 30 June 2023	-	-	-	-	(952)	(31,407)	(32,359)	-	(32,359)
Carrying amount	22,427	1,190	14,047	37,664	50	31,447	31,497	2,678	71,839

₁ Restatement of opening balance, refer note 8.6

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

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

(b) Plant and Equipment

	Art Works	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	30,156	4,044	1,427	1,221	825	-	37,672
Accumulated depreciation at 1 July 2022	-	(1,948)	(1,119)	(879)	(448)	-	(4,394)
	30,156	2,096	308	342	377	-	33,278
Movements in fair value							
Additions	22	531	136	112	90	214	1,105
Contributions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	(15)	-	(15)
Disposal	-	(209)	-	-	(47)	-	(256)
	22	322	136	112	29	214	835
Movements in accumulated depreciation							
Depreciation and amortisation	-	(261)	(71)	(181)	(85)	-	(598)
Accumulated depreciation of disposals	-	197	-	-	47	-	244
Revaluation	-	-	-	-	24	-	24
	-	(64)	(71)	(181)	(14)	-	(330)
At fair value 30 June 2023	30,178	4,366	1,563	1,333	853	214	38,507
Accumulated depreciation at 30 June 2023	-	(2,012)	(1,190)	(1,060)	(462)	-	(4,724)
Carrying amount	30,178	2,354	373	273	391	214	33,783

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

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

	Roads	Bridges,	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space 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
Restated												
At fair value 1 July 2022	227,344	68,298	9,122	28,521	776	3,888	2,385	5,047	2,140	162	2,602	350,284
Accumulated depreciation at 1 July 2022	(96,831)	(47,382)	(4,825)	(17,274)	(352)	(2,591)	(433)	(2,993)	(758)	(15)	-	(173,454)
	130,513	20,916	4,297	11,247	424	1,297	1,952	2,054	1,382	147	2,602	176,830
Movements in fair value												
Additions	2,304	140	374	163	-	70	407	-	70	45	342	3,915
Revaluation	15,300	-	-	-	-	-	-	-	-	-	-	15,300
Write-off	(287)	-	-	-	-	-	-	-	(58)	-	-	(345)
Transfers	100	-	-	83	-	2,218	19	-	-	-	(2,420)	-
Impairment losses recognised in operating result	(24,629)	(140)	-	-	-	-	-	-	-	-	-	(24,769)
	(7,212)	-	374	246	-	2,288	426	-	12	45	(2,078)	(5,899)
Movements in accumulated depreciation												
Depreciation and amortisation	(2,786)	(732)	(131)	(285)	(27)	(394)	(170)	(188)	(40)	(15)	-	(4,768)
Accumulated depreciation of Write-off	240	-	-	-	-	-	-	-	59	-	-	299
Impairment losses recognised in operating result	24,475	124	(4)	-	-	-	-	-	-	-	-	24,595
Impairment losses recognised in revaluation reserve	(4,297)	-	-	-	-	-	(1)	-	-	-	-	(4,298)
Revaluation	(5,984)	-	-	-	-	-	-	-	-	-	-	(5,984)
	11,648	(608)	(135)	(285)	(27)	(394)	(171)	(188)	19	(15)	-	9,844
At fair value 30 June 2023	220,132	68,298	9,496	28,767	776	6,176	2,811	5,047	2,152	207	524	344,385
Accumulated depreciation at 30 June 2023	(85,183)	(47,990)	(4,960)	(17,559)	(379)	(2,985)	(604)	(3,181)	(739)	(30)	-	(163,610)
Carrying amount	134,949	20,308	4,536	11,208	397	3,191	2,207	1,866	1,413	177	524	180,775

¹ Restatement of opening balance, refer note 8.6

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

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

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit
Asset recognition thresholds and depreciation periods		\$'000
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
footpaths and cycleways	80 - 100 years	5
aerodromes	80 - 100 years	5
others	80 - 100 years	5
Intangible assets	1 - 10 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

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

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

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

Repairs and maintenance

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

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

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

Valuation of land and buildings

Valuation of land and buildings were undertaken at 30 June 2022 by a qualified independent valuer 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. An indexed based revaluation of Building assets, was conducted in the current year, this valuation was based on Victorian Valuer General building cost indexation factor for Victoria for the period from 1 July 2022 to 30 June 2023 for rural commercial 7%.

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.

An indexation assessment was completed for land assets as at 30 June 2023, however, no fair value adjustment was recorded as movement was not significant.

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

	Level 1	Level 2	Level 3	Date of valuation	Date of indexation valuation	Type of valuation
Non - specialised Land	-	22,427	-	Jun-22		Full
Specialised land	-	-	1,190	Jun-22		Full
Land under roads	-	-	14,047	Jun-22		Full
Heritage Buildings	-	-	50	Jun-23	Jun-23	Indexed Valuation Valuer General (VGV)
Buildings	-	-	31,447	Jun-23	Jun-23	Indexed Valuation Valuer General (VGV)
Total	-	22,427	46,734			

Valuation of infrastructure

Roads were valued as at 30 June 2019 based on a condition assessment conducted by Moloney Asset Management Systems. A unit rate and effective life review was conducted Council's Asset Management Officer and at the 30 June 2023 indexed valuation Rawlinsons BPI 30 June 2023 7.56% was applied. The basis of valuation was current replacement cost.

Bridges have been revalued by external consultants Pitt and Sherry January 2022.

Footpaths and Aerodrome were valued as at 30 June 2019 based on a condition assessment conducted by Moloney Asset Management Systems. A unit rate and effective life review was conducted by Council's Asset Management Officer and Indexed valuation ABS Producer Prices Index 9% applied at 30 June 2022.

All other valuation of infrastructure assets has been determined by the Council's Asset Management Officer.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at the date of valuation.

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

	\$'000	\$'000	\$'000			
	Level 1	Level 2	Level 3	Date of valuation	Date of indexation valuation	Type of valuation
Roads	-	-	134,949	Jun-19	Jun-23	Indexed valuation Rawlinsons BPI 30 June 2023 7.56% (Rawlinsons 2023 Edition 41).
Bridges	-	-	20,308	Jun-22		Chris Morton Principal Bridge Engineer, Pitt and Sherry Jan 2022
Footpaths and cycleways	-	-	4,536	Jun-19	Jun-22	Index 30/06/2022 Council's Asset Management Officer
Drainage	-	-	11,208	Jun-21	Jun-22	Index 30/06/2022 Council's Asset Management Officer
Recreational, leisure and community facilities	-	-	397	Jun-22		Full valuation Marcus L W Hann, AAPI, Certified Practising Valuer, of LG Valuation Services
Waste management	-	-	3,191	Jun-22		Council's Asset Management Officer
Parks, open space and streetscapes	-	-	2,207	Jun-22		Full valuation Marcus L W Hann, AAPI, Certified Practising Valuer, of LG Valuation Services
Aerodromes	-	-	1,866	Jun-19	Jun-22	Indexed Council's Asset Management Officer
Off street car parks	-	-	1,413	Jun-19	Jun-22	Indexed Council's Asset Management Officer
Other infrastructure	-	-	177	Jun-19		Council's Asset Management Officer
Total	-	-	180,251			

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

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

Valuation of Art Work

Valuation of art work assets has been determined by qualified independent valuer Simon Storey RSV, of Simon Storey Valuers, valued the collections on the basis of Fair Value under the Australian Accounting Standards Board (AASB13) "Fair Value Measurement" and (AASB116) "Property Plant & Equipment", and other relevant accounting and valuations directives and guidance.

The standard AASB13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assets valued in the Benalla Art Gallery Collection are considered to be level 2 in the AASB 13 Fair Value hierarchy. Briefly, level 2 is a measure of value against similar items in a similar market. Values ascribed were obtained from current market values of like items as at 30 June 2022.

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 20% 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 \$1,200 and \$4.4 million per hectare.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$300 to \$400,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings 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 buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 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.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	14,047	14,047
Land - specialised	22,427	26,215
Total specialised land	36,474	40,262

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

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Benalla Rural City Council is the parent entity.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Benalla Rural City Council. The Councillors, Chief Executive Officer and General Manager are deemed KMP.

Details of KMP at any time during the year are:

		2023 No.	2022 No.
Councillors	Councillor Bernie Hearn (Mayor) (July 22 - 30 June 2023)	1	1
	Councillor Justin King (Deputy Mayor) (July 22 - 30 June 2023)	1	1
	Councillor Danny Claridge (July 22 - 30 June 2023)	1	1
	Councillor Peter Davis (July 22 - 30 June 2023)	1	1
	Councillor Don Firth (July 22 - 30 June 2023)	1	1
	Councillor Punarji Hewa Gunaratne (July 22 - 30 June 2023)	1	1
	Councillor Gail O'Brien (July 22 - 30 June 2023)	1	1
	Dom Testoni (Chief Executive Officer)	1	1
	Robert Barber (General Manager Corporate)	1	1
Total Number of Councillors		7	7
Total of Chief Executive Officer and other Key Management Personnel		2	2
Total Number of Key Management Personnel		9	9

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2023 \$'000	2022 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	645	620
Other long-term employee benefits	17	11
Post-employment benefits	44	39
Total	706	670

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2023 No.	2022 No.
\$20,000 - \$29,999	5	4
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	-
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-
\$230,000 - \$239,999	-	1
\$250,000 - \$259,999	1	-
	9	9

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

7.1 Council and key management remuneration (cont.)

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. *

	2023 \$'000	2022 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	448	846
Other long-term employee benefits	21	42
Post-employment benefits	49	89
Total	518	977

The number of other senior staff are shown below in their relevant income bands:

Income Range:	2023 No.	2022 No.
\$150,000 - \$159,999	-	2
\$160,000 - \$169,999	2	3
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	-
	3	6

Total remuneration for the reporting year for other senior staff included above, amounted to: 518 977

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

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties.

During the period a key management person had a child receiving remuneration as a casual employee of Council.

16 15

(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 2023

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

Council has no contingent assets as at 30 June 2023 (2022: Nil).

(b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

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.

Landfill

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.

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

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.

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

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

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

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

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

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

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

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.

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

8.3 Financial instruments (cont.)

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1.5% and -1.5% in market interest rates (AUD) from year-end rates of 3.62%.

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

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; 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. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	3 to 5 years
Buildings	5 to 7 years
Roads	5 to 7 years
Bridges	5 to 7 years
Footpaths and cycleways	5 to 7 years
Drainage	3 to 5 years
Recreational, leisure and community facilities	3 to 5 years
Waste management	3 to 5 years
Parks, open space and streetscapes	3 to 5 years
Aerodromes	2 to 3 years
Art Works	2 to 3 years

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

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

8.4 Fair value measurement (cont.)

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

Benalla Rural City was impacted by one major flood event in October 2022, and two storm events in January 2023 and June 2023. Whilst the financial impact of the damage to Council assets and clean-up cost could not be reliably estimated at the time this financial report was adopted, an initial claim has been submitted to the Natural Disaster Financial Assistance scheme.

8.6 Prior period errors

8.6.1 Adjustment to de recognise land balances:

Following a review of the Property Assets Register as part of the revaluation process in 2022, Council identified land assets not owned by Council to the value of \$9.863 million, that were reflected in Council's asset registers. In the year ended 30 June 2023, these assets adjustments have been brought to account as an adjustment to the Council's opening Asset Revaluation Reserve in the 2021-22 year. 2022 figures at Note 2.2.2, 6.1 and 9.1 have been restated.

	2023 \$'000	2022 \$'000
Property, infrastructure plant and equipment - Property		
Land - specialised	-	(3,788)
Land - non specialised	-	(6,075)
Total Land & Land Improvements	-	(9,863)
Reserves		
(a) Asset revaluation reserves		
Property		
Land and land improvements	-	(9,863)
Total Land & Land Improvements	-	(9,863)

The effect of Council removing land assets not owned in the 2022/23 year is a decrease to that year's opening balance of \$9.863 million and a decrease to property, infrastructure, plant and equipment of \$9.863 million.

Reconciliation of changes to the 2021-2022 Balance Sheet, Note 6.1 Property, infrastructure, plant and equipment and Statement of Changes in Equity

	2021-2022 Adjusted Balances \$'000	Impact	Increase/ (decrease) \$'000	Adjusted 2021-2022 Balances \$'000
Balance sheet				
Property, infrastructure, plant and equipment	292,166		(9,863)	282,303
Total non-current assets	296,650		(9,863)	286,787
Total Assets	330,503		(9,863)	320,640
Net assets	298,968		(9,863)	289,105
Reserves	151,060		(9,863)	141,197
Total Equity	298,968		(9,863)	289,105
	2021-2022 Original Balances \$'000	Impact	Increase/ (decrease) \$'000	Adjusted 2021-2022 Balances \$'000
Statement of Changes in Equity				
Asset Revaluation Reserve	150,099		(9,863)	140,236
Total Equity	298,968		(9,863)	289,105

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

8.6 Prior period errors (cont.)

8.6.2 Adjustments to correct asset revaluation increment:

Following a review of the Infrastructure Asset register as part of the revaluation process in 2022, Council identified bridge assets useful life calculations had not been restated in the revaluation undertaken by external consultants Pitt and Sherry in January 2022. In the year ended 30 June 2023, these assets adjustments have been brought to account as an adjustment to the Council's opening Asset Revaluation Reserve in the 2021-22 year. 2022 figures at Note 2.2.2, 6.1 and 9.1 have been restated.

	2023 \$'000	2022 \$'000
Property, infrastructure plant and equipment - Infrastructure assets		
Bridges	-	-
Accumulated depreciation - Bridges	-	(4,152)
Total Bridges	-	(4,152)
Reserves		
(a) Asset revaluation reserves		
Bridges		
Bridges	-	(4,152)
Total Bridges	-	(4,152)

The effect of Council correcting bridge useful life calculations in the 2022/23 year is a decrease to that year's opening balance of Bridges \$4.152 million and a decrease to Asset revaluation reserve Bridges of \$4.152 million.

Reconciliation of changes to the 2021-2022 Balance Sheet, Note 6.1 Property, infrastructure, plant and equipment and Statement of Changes in Equity

	2021-2022 Adjusted Balances \$'000	Impact Increase/ (decrease) \$'000	Restated 2021-2022 Balances \$'000
Comprehensive Income Statement			
Net asset revaluation increment/(decrement)	35,128	(4,152)	30,976
Total comprehensive result	39,979	(4,152)	35,827
Balance sheet			
Property, infrastructure, plant and equipment	282,303	(4,152)	278,151
Total non-current assets	286,787	(4,152)	282,635
Total Assets	320,640	(4,152)	316,488
Net assets	289,105	(4,152)	284,953
Reserves	141,197	(4,152)	137,045
Total Equity	289,105	(4,152)	284,953
Statement of Changes in Equity			
Asset Revaluation Reserve	140,236	(4,152)	136,084
Total Equity	289,105	(4,152)	284,953

8.6.3 Summary reconciliation of prior period adjustments

	2021-2022 Original Balances \$'000	Adjustment to derecognise land balance \$'000	Adjusted 2021-2022 Balances \$'000	Adjustment to correct asset revaluation increment \$'000	Restated 2021-2022 Balances \$'000
Comprehensive Income Statement					
Net asset revaluation increment/(decrement)	35,128	-	35,128	(4,152)	30,976
Total comprehensive result	39,979	-	39,979	(4,152)	35,827
Balance sheet					
Property, infrastructure, plant and equipment	292,166	(9,863)	282,303	(4,152)	278,151
Total non-current assets	296,650	(9,863)	286,787	(4,152)	282,635
Total Assets	330,503	(9,863)	320,640	(4,152)	316,488
Net assets	298,968	(9,863)	289,105	(4,152)	284,953
Reserves	151,060	(9,863)	141,197	(4,152)	137,045
Total Equity	298,968	(9,863)	289,105	(4,152)	284,953
Statement of Changes in Equity					
Asset Revaluation Reserve	150,099	(9,863)	140,236	(4,152)	136,084
Total Equity	298,968	(9,863)	289,105	(4,152)	284,953

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

Note 9 OTHER MATTERS

9.1 Reserves

(a) Asset revaluation reserves

2023

Property

Land and land improvements
Land under Roads
Buildings

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
Land and land improvements	15,565	-	15,565
Land under Roads	6,668	-	6,668
Buildings	13,894	2,059	15,953
	36,127	2,059	38,186

Plant and Equipment

Art Works
Library Stock

Art Works	21,017	-	21,017
Library Stock	97	9	106
	21,114	9	21,123

Infrastructure

Roads
Bridges
Drainage
Footpaths and cycleways
Waste management
Aerodromes
Parks, open space and streetscapes
Off Street Car Parks

Roads	64,996	5,019	70,015
Bridges	9,004	-	9,004
Drainage	2,431	-	2,431
Footpaths and cycleways	1,168	-	1,168
Waste management	785	-	785
Aerodromes	323	-	323
Parks, open space and streetscapes	77	-	77
Off Street Car Parks	59	-	59
	78,843	5,019	83,862

Total asset revaluation reserves

	136,084	7,087	143,171
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2022 Restated

Property

Land and land improvements
Land under Roads
Buildings

Land and land improvements	16,620	(1,055)	15,565
Land under Roads	2,496	4,172	6,668
Buildings	5,884	8,010	13,894
	25,000	11,127	36,127

Plant and Equipment

Art Works
Library Stock

Art Works	16,287	4,730	21,017
Library Stock	24	73	97
	16,311	4,803	21,114

Infrastructure

Roads
Bridges
Drainage
Footpaths and cycleways
Waste management
Aerodromes
Parks, open space and streetscapes
Offstreet car parks

Roads	60,454	4,542	64,996
Bridges	5,494	3,510	9,004
Drainage	1,507	924	2,431
Footpaths and cycleways	835	333	1,168
Waste management	806	(21)	785
Aerodromes	201	122	323
Parks, open space and streetscapes	235	(158)	77
Offstreet car parks	-	59	59
	69,532	9,311	78,843

Total asset revaluation reserves

	110,843	25,241	136,084
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The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

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

9.1 Reserves (cont.)

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves			
2023			
Resort and Recreation	248	24	272
Winton Land	10	-	10
Benalla Urban Grown Headworks Charge	78	-	78
Lake Mokoan inlet Channel	625	70	695
Total Other reserves	961	94	1,055
2022			
Resort and Recreation	168	80	248
Winton Land	10	-	10
Benalla Urban Grown Headworks Charge	78	-	78
Lake Mokoan inlet Channel	556	69	625
Total Other reserves	812	149	961

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 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 2023

	2023	2022
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	5,178	4,851
Depreciation/amortisation	6,741	6,658
Profit/(loss) on disposal of property, infrastructure, plant and equipment	154	71
Borrowing Cost	138	92
Finance Cost - leases	27	31
Landfill Rehabilitation Provision adjustment accounted for as an expense	(340)	(402)
Contributions - Non-monetary assets	-	(43)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(2,755)	(1,616)
(Increase)/decrease in prepayments	(72)	18
Increase/(decrease) in trade and other payables	(1,541)	2,787
Increase/(decrease) in unearned income /revenue	(2,354)	207
(Increase)/decrease in inventories	(27)	7
(Decrease)/increase in provisions	418	644
Increase/(decrease) in Trust Funds and deposits	(236)	214
Net cash provided by/(used in) operating activities	5,331	13,519

9.3 Superannuation

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10%)).

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.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Benalla Rural City Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa
Salary information 3.5% pa
Price inflation (CPI) 2.8% pa

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

9.3 Superannuation (cont.)

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.5% pa
Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter
Price inflation (CPI) 3.0% pa

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2022 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

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

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

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

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

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

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

The 2022 interim actuarial investigation surplus amounts

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

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

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

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

9.3 Superannuation (cont.)

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

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

The discounted accrued 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 2022.

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

Superannuation contributions

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.5% pa	2.5% pa for the first two years and 2.75%pa thereafter
Price inflation	2.8% pa	2.0% pa

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of Scheme	Rate	\$'000	\$'000
Vision super	Defined benefits	10.5% (2022:10.0%)	37	46
Vision super	Accumulation	10.5% (2022:10.0%)	480	522
Hesta Superannuation Fund	Accumulation	10.5% (2022:10.0%)	53	73
Australian Superannuation Fund	Accumulation	10.5% (2022:10.0%)	71	65
VicSuper Superannuation Fund	Accumulation	10.5% (2022:10.0%)	41	40
REST Superannuation Fund	Accumulation	10.5% (2022:10.0%)	-	35
Hostplus Superannuation Fund	Accumulation	10.5% (2022:10.0%)	33	-
Employer contributions - other funds	Accumulation	10.5% (2022:10.0%)	32	29

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$35,000.

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022-23 year.

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