



Benalla Rural City Council
**Annual Report
2017/18**



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Chief Executive Officer Overview

This year brings up my fifteenth year in the role of Chief Executive Officer and being my final year I will report on the journey.

The State Government independent report on the de-amalgamation of Benalla and Mansfield Councils stated in its findings and I quote *"If you are doing this for economic or financial reasons – then don't do it."* As we know it was done for political reasons and brought with it significant financial challenges.

In the aftermath of the de-amalgamation which took place in October 2002, the first elected Council on coming into office in March 2003 understood the magnitude of the financial task ahead and was prepared to make the hard decisions.

In embracing the first 10 Year Forward Financial Plan with aggressive strategies I acknowledge the members of the first Council:

- Peter Brown
- John Brownstein
- Pat Claridge
- Noel Cochrane
- Bill Hill
- Geoff Oliver
- Lynn Tanner

Without the preparedness of this inaugural Council to face the challenges of the time and to establish a firm foundation the Organisation would not be in the sustainable position it is in today.

Services and Facilities

Not only did the first Council and subsequent Councils consistently maintain services to the community but also managed to improve lifestyle and amenity for the community in developing an extensive range of projects (listed below in chronological order)

- Benalla Performing Arts and Convention Centre
- Benalla Community Care Ray Sweeney Centre
- Benalla Lakeside Community Sports Centre
- Benalla Urban Growth Project
- Advancing Country Towns Project
- Civic Precinct Revitalisation Project
 - Civic Centre
 - Customer Service Centre
 - Sir Edward 'Weary' Dunlop Learning Centre
- Benalla Airport Master Plan
- Benalla Business Growth (Enterprise Park) Strategy
- Benalla Visitor Information Centre Redevelopment Concept
- Benalla Art Gallery Redevelopment Concept
- Benalla Community Plan (2016-2036)
- Benalla Aquatic Centre Redevelopment Concept
- Benalla Landfill and Resource Recovery Master Plan

Organisation Development

From an organisation development perspective a number of initiatives have been taken up over the years in the following areas of the operation:

- Works Depot building improvements and introduction of Plant Replacement Program
- Customer Service function established and Customer Request Management System implemented
- Community Development function established including Community Support and Grant administration
- Contract and Procurement Administration function established
- Volunteer Development function established

Financial Result

The year-end financial result to 30 June 2018 is an operating surplus of \$383,000 (refer to page 66 for full details).

Operational Savings

Coming into the new financial year I can report that over the past three financial years operating overheads and employee costs have been reduced by \$1.754M in line with our internally driven strategy, adopted in March 2016, of 'Doing the Same with Less'.

High Performing Organisation

The organisation is now considered to be lean, however, I am confident it is staffed by competent people who together will maintain quality services to the community.

To this end I announced a new Organisation Structure and Leadership Team on 28 June 2018 comprising:

- Robert Barber,
General Manager Corporate
- Jilian Mulally,
Manager Arts Communications
Tourism and Events
- Gerard Komen,
Manager Capital Projects
- Jane Archbold,
Manager Community
- Nilesch Singh,
Manager Development
- Greg Robertson,
Manager Facilities
- Cathy Fitzpatrick,
Manager Finance
- Don Spokes,
Manager Operations
- Janine McMaster,
Manager People and
Performance

The main features of the review are a more simplified structure with:

- Capital Projects and Engineering design separated from Operations
- Community Development amalgamated with Community Services
- Asset Management aligned with Financial Management
- An Operations Department comprising four teams:
 - Parks
 - Rural
 - Urban
 - Plant and Safety

and a review of administrative support provided to department managers.

Acknowledgement

I am grateful for the support of successive Councils along the journey and thank all staff for their efforts over the years.



Tony McIlroy
Chief Executive Officer

Major projects 2017/18



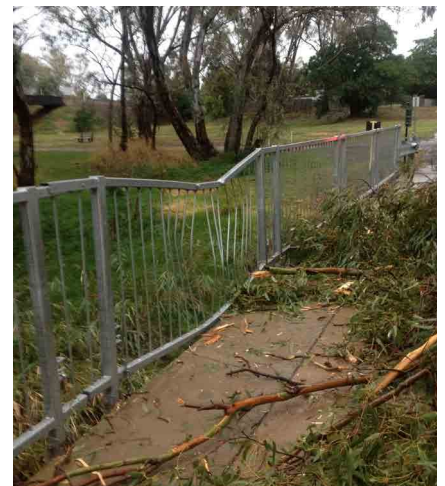
Senior Citizens Centre refurbishment

The revamped Senior Citizens Community Centre was officially re-opened in November 2017. The refurbishment included improvements to the multi-functional meeting space and kitchen, new blinds, carpet and digital technology, improved energy efficiency and the purchase of a defibrillator.

Funding for the \$58,125 upgrade came from the Council (\$20,000), Benalla U3A (\$20,000) and the Federal Government's Stronger Communities Program (\$18,125).

Significant storm event

A significant storm event on 19 December 2017 caused road and tree damage throughout the municipality and to the Ackerly Avenue footbridge. A claim for \$291,648 through the National Disaster Financial Assistance (NDFA) Program was approved by VicRoads towards the cost of make-safe and repair work.





Construction of Cell 2 at the Landfill and Resource Recovery Centre

Construction of a second cell at the Benalla Landfill and Resource Recovery Centre began in March 2018. Construction of the previous cell was completed in June 2016. Work on Cell 2 is being undertaken in two stages with the first stage being the bulk earthworks.

This infrastructure project cost more than \$1M to complete and is likely to serve the community for two and a half years.

Airport Masterplan Stage 3

Construction of the parallel taxiway was complete in March 2018. The bitumen taxiway is 7.5m wide and 250 metres long. The construction included line marking, upgrading the existing drainage infrastructure and the installation of new drainage for the taxiway.

Lake Benalla Draw Down

Lake Benalla was lowered over February and March 2018 to help manage the invasive cabomba weed. This drawdown was requested by the Goulburn Broken Catchment Management Authority (GBCMA) and was scheduled to fit into the hottest part of the year, to get the best result, and also around the breeding season of the resident platypus.

Goorambat Thoona Bridge works completed in March 2018

The Goorambat Thoona Bridge, on the Goorambat Thoona Road, had the road and shoulders widened and a new reinforced concrete deck overlay and guard rails installed in March 2018.

The new concrete deck overlay will extend the life of the bridge by approximately 50 years.

Enterprise Park – number of civil works completed

Works at Lot 25, Enterprise Park were completed in May 2018. The works included the addition of 4000m³ of fill material to level the area, the installation of underground drainage including connection to existing lots, the construction of new above ground drains and the installation of a driveway and fencing. This finalised the market-ready preparation work to the Lot.



The year at a glance



JULY 2017

- Devenish drainage system improvements complete, including installation of 106 box culverts.
- Bridge repairs to the Tatong Moorngag Bridge, Webbs Road Bridge and Watchbox Creek Bridge complete.
- Launch of new Council website with improved usability and search functionality.
- NAIDOC Week celebrated, including 138 people attending activities and celebrations at the Sir Edward 'Weary' Dunlop Learning Centre (pictured).



AUGUST 2017

- North East Small Business Festival was launched and including 9 events in Benalla.
- The speed limit reduced to 50km/h around the Benalla health precinct in response to community feedback.
- National Student Volunteer Week recognise 23 Benalla school students who volunteer in the community (pictured).
- Feedback invited on the 'Pathways to the Future' project, aiming to deliver safe shared path spaces for pedestrians, cyclists and scooter drivers.



SEPTEMBER 2017

- Fifteen local parents completed a 14 hour training course in Youth Mental Health First Aid as part of the youth-led Live4Life program aimed at reducing youth suicide.
- The first North East Digital Innovation Festival held in Benalla, showcasing Victoria's innovation and digital technology capabilities.
- Construction of the bike path linking Benalla and the Winton Wetlands commenced (pictured).
- Prue Acton's exhibition, The Excitement of Colour opened by Winsome McCaughey at the Benalla Art Gallery.



OCTOBER 2017

- People 60 and over celebrated during the 2017 Seniors Week Festival, including a concert by James Blundell at BPACC.
- The Senior Citizens Community Centre re-opens after a \$58,125 upgrade including to the meeting space and kitchen, blinds, carpet and digital technology and the purchase of a defibrillator.
- Farming women enjoyed a Girl's Night Out pamper evening, with students from Benalla P-12 College's hairdressing salon and beauty course providing treatments (pictured).



NOVEMBER 2017

- The Council, SES and Goulburn Broken Catchment Management Authority launched an online Flood Information System and Local Flood Guide.
- The 2017 Benalla Festival included 50 events and 14,000 people (pictured).
- Memories in my Luggage exhibition opened at the Sir Edward 'Weary' Dunlop Learning Centre.



DECEMBER 2017

- Access All Areas Film Festival at Swanpool Cinema is held (pictured).
- The Council and Schneider Electric (Australia) Pty Ltd covers the large cypress tree at the Benalla Showgrounds in Christmas lights.
- Dry weather provides ideal conditions for unsealed road grading and resheeting.



JANUARY 2018

- Margaret Castles announced Benalla Citizen of the Year, with Australia Day celebrations taking place across the Rural City.
- Work continues with Vic Roads and Victoria Police to improve safety at the Bowers Road intersection with the Hume Highway.
- State Government announces a \$60 million precast concrete manufacturing facility to be built in Benalla, creating 400 new local jobs.
- More than 50 young people have gained mentored learner driver experience through the L2P program.



FEBRUARY 2018

- Goorambat Thoona Bridge receives a new concrete deck overlay, widened shoulders and road approach (pictured).
- Drawdown of Lake Benalla to help manage the invasive Cabomba weed.
- State Government announces \$125,000 for the 2018 Wall to Wall Festival.



MARCH 2018

- Work begins on the construction of Cell 2 at the Benalla Landfill and Resource Recovery Centre.
- More than 130 Year 8 Benalla students are part of the 2018 Live4Life program launch.
- 2018 Wall to Wall Festival attracts visitors from across Australia (pictured).
- The parallel taxiway at the Benalla Airport is complete, marking the end of Stage 3 of the Benalla Airport Masterplan.
- Callum Preston's Milk Bar exhibition at the Benalla Art Gallery attracts record audiences and industry acclaim.



MAY 2018

- The Council acquires a John Deere Grader under the plant replacement program (pictured).
- The Victorian Government contributes \$48,000 for a feasibility study for a Benalla splash park.
- Traffic calming devices are installed in Denny Street limiting traffic to 10km/h.
- New long parking bays created in Fawckner Drive and Lowry Place – helping Benalla become an RV friendly destination.



APRIL 2018

- Edging and shoulder replacement on Odea Road Molyullah complete.
- The Council and GrainCorp launch Devenish Silo Art – attracting 15,000 in the first four months.
- Footpaths on Coster Street from Bridge Street to Samaria Road widened for easier wheelchair and scooter use.

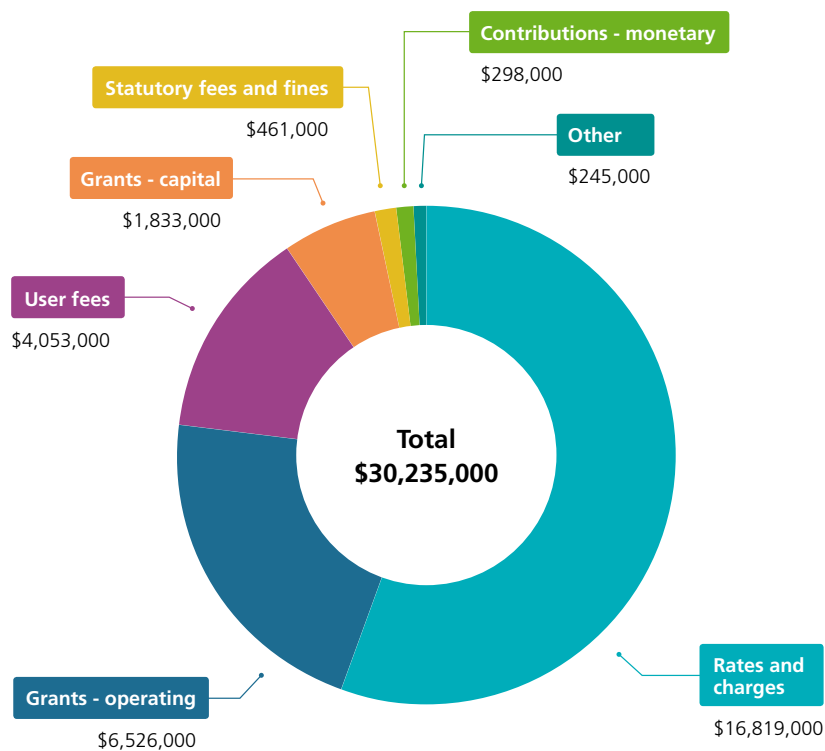


JUNE 2018

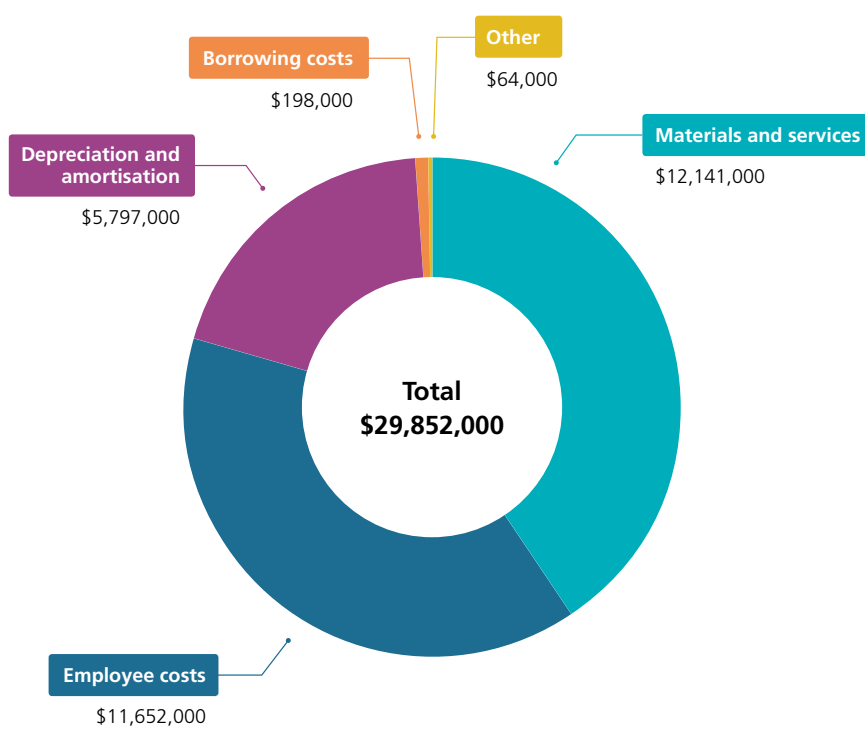
- The Council awards more than \$76,000 in funding to 45 recipients for community, youth participation and major event funding grants (pictured).
- Kerb and channel replacement works on Riverview Road are complete.
- Footpaths in Church Street, Benalla Street and Mackellar Street resealed.
- Drainage clearing works off Ironbark Drive are complete.

Financial Summary

2017/18 Operating Income



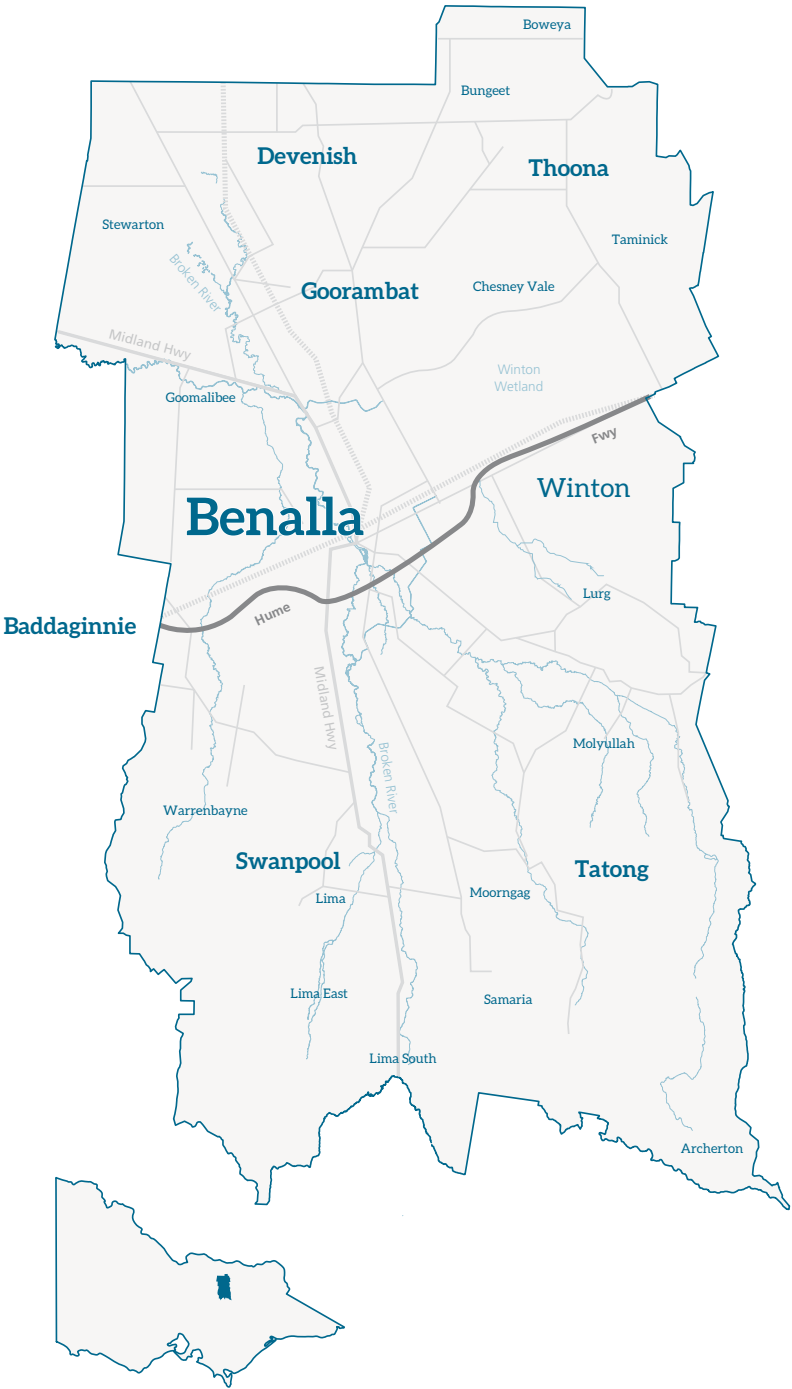
2017/18 Operating Expenses



Financial snapshot	2017/18 '000	2016/17 '000	2015/16 '000	2014/15 '000
Total Revenue	\$30,235	\$32,244	\$27,613	\$30,793
Total Expenses	\$29,852	\$29,714	\$27,402	\$32,646
Surplus (Deficit)	\$383	\$2,530	\$211	(\$1,853)
Working Capital	164%	157%	120%	127%
Total Assets	\$256,063	\$222,053	\$223,612	\$224,951
Net Assets	\$238,477	\$203,687	\$204,556	\$205,078
Rates and Charges	\$16,819	\$16,261	\$15,559	\$14,724
Rates/Adjusted Underlying Revenue	57%	52%	59%	50%
Indebtedness (Non Current Liabilities / Own sourced revenue)	52%	57%	62%	62%
Capital Projects	\$5,107	\$5,047	\$4,080	\$6,166

Our Municipality

Population 13,960		Townships Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Thoona, Tatong, Winton	
Area 235,059 hectares			
Distance from Melbourne 193 kms	Rateable properties 7,968	Number of Council employees 114.1 (EFT)	Number of Councillors 7



Benalla Rural City is 193km north-east of Melbourne and is centred in the Broken River valley. The current estimated resident population of Benalla Rural City is 13,960, with approximately 9,000 living in the Benalla urban area and the remainder living in and around our smaller towns.

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

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

Our largest employing industries are manufacturing, agriculture and health. The largest is manufacturing and includes Thales Australia, D & R Henderson Pty Ltd and Schneider Electric (Australia) Pty Ltd.

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

Benalla Rural City offers a choice of primary and secondary schools, a TAFE college, comprehensive health services and participation opportunities including sport, music, wine and art. Lake Benalla, with the surrounding Botanical Gardens and walking track, is a key attraction located within the town. Benalla Rural City has well developed disability, aged care and childcare services.

Some of the main visitor attractions are the Winton Motor Raceway, the Benalla Art Gallery, Winton Wetlands and Benalla's many events and festivals.

There are many active community and service groups throughout Benalla Rural City.



Our Council

Our Vision

A sustainable, thriving and cohesive community where lifestyle, culture, health and wellbeing are important.

Our Values

Leadership

We will provide strong, caring and innovative leadership.

Openness and honesty

We will act with integrity, transparency and truthfulness.

Respect

We will respect the community, Councillors and Council staff.

Fairness and equity

We will make decisions based on sound research and information, and participative decision making which meet the needs of the whole community.

Accountability

We will act conscientiously to govern for the community of the Benalla Rural City, making plans and decisions based on sound evidence.

Your Elected Representatives



Cr Don Firth
Mayor

First elected:
Nov 2008
Re-elected:
Oct 2016



Cr Scott Upston
Deputy Mayor

First elected:
Oct 2016



Cr Peter Davis

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



Cr Barbara Alexander, AO

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



Cr Bernie Hearn

First elected:
Oct 2016



Cr Danny Claridge

First elected:
Oct 2016



Cr Willie Van Wersch

First elected:
Oct 2016

Our Organisation



Our Workforce

Employees by type and gender

Employee type	#	EFT
Full-time female	33	33
Full-time male	45	45
Part-time female	53	30.6
Part-time male	6	2.3
Casual	43	3.3
Total	180	114.1

Employees by banding classification

Female EFT	Male EFT	Total EFT
BAND 1		
-	-	-
BAND 2		
-	-	-
BAND 3		
7.5	13.1	20.6
BAND 4		
14.9	13.2	28.1
BAND 5		
11.6	5	16.6
BAND 6		
12.8	4	16.8
BAND 7		
10	2	12
BAND 8		
2	5	7
BAND NOT APPLICABLE		
5.5	5	10.5
CASUAL		
1.6	1.9	2.5
TOTAL		
65.9	48.2	114.1

Victorian Charter of Human Rights and Responsibilities

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

Health and Safety

We are committed to maintaining a safety culture that supports an incident and injury free workplace for all employees, contractors, visitors, Councillors and the public. We achieve this by maintaining a Health and Safety Management System. We continually review and document our Safe Work Procedures and Safe Work Method Statements to ensure employees are working in a safe environment. We are in the process of reviewing and updating all Occupational Health and Safety (OH&S) policies and procedures to ensure they are in accordance with current legislation.

Professional Development

The organisation has a broad suite of learning and development opportunities to ensure staff are appropriately trained and skilled to deliver services now and into the future.

A study assistance program provides financial assistance and study leave towards relevant undergraduate or postgraduate qualifications.

We provide training that supports a broad range of staff development needs. The training program aligns with strategic priorities and responds to needs identified through performance and development plans. A variety of learning methodologies are used, from e-learning modules to facilitated workshops and conferences.

Family Violence

Family violence is a serious issue in our community. The Council is committed to playing a supportive role to staff being subjected to family violence or any other personal emergency. Clause 45 of the Enterprise Agreement allows staff to access Personal Emergency Assistance (Family Violence).

We recognise personal or emergency leave may be required when an employee experiences an emergency, family violence or abuse. We understand incidents such as these may affect performance or attendance.

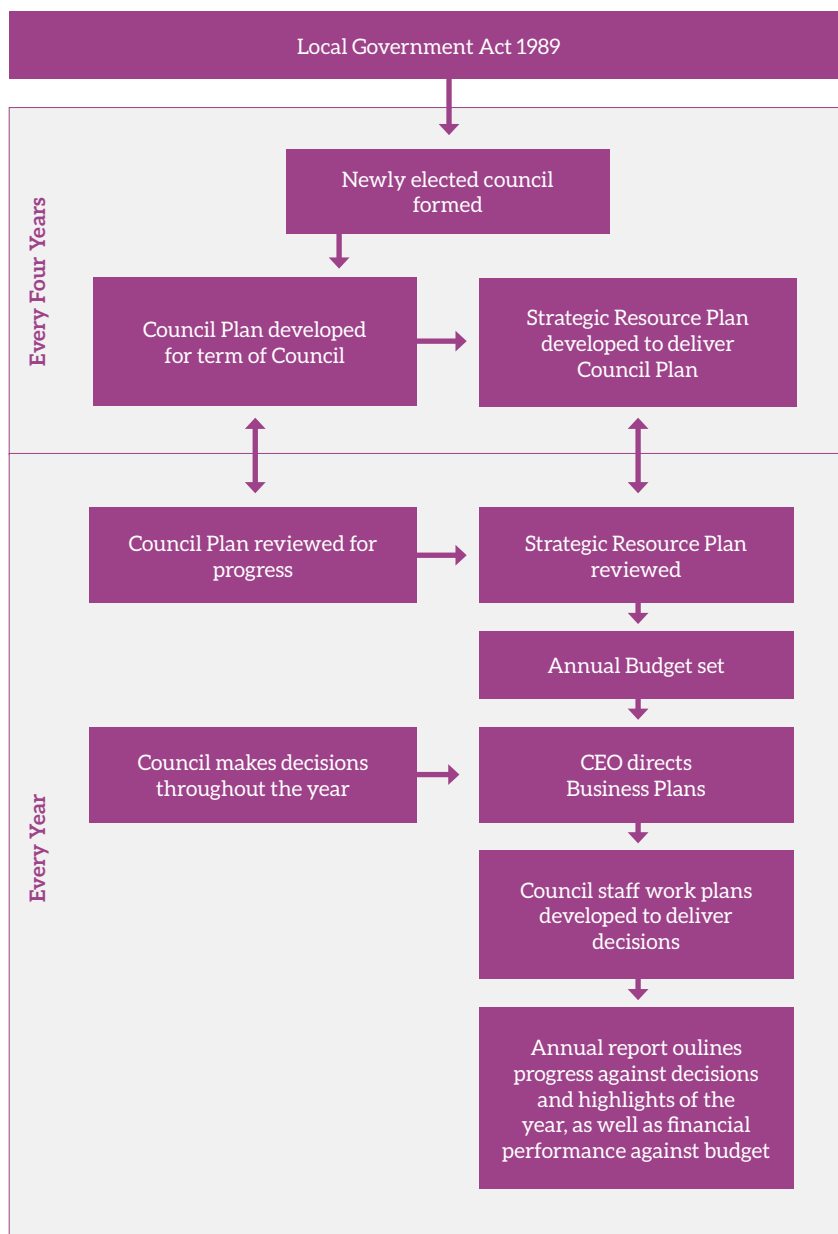
The Council accepts the definition of family violence as stipulated in the *Family Violence Protection Act 2008 (Vic)* understanding that it includes physical, sexual, financial, verbal or emotional abuse. The Council has committed to supporting the Municipal Association Victoria (MAV) Prevention of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

Our Performance

How The Council Works

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

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



Strategic Objectives

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



Connected and Vibrant Community

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



Engaging and Accessible Places and Spaces

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



Sustainable Environment

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



Thriving and Progressive Economy

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



High Performing Organisation

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



Service Performance Indicators

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

Service Performance Indicators	2014/15	2015/16	2016/17	2017/18	Material Variation
AQUATIC FACILITIES					
Service standard Health inspections of aquatic facilities <i>Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities</i>	4	4	4	4	
Health and Safety Reportable safety incidents at aquatic facilities <i>Number of WorkSafe reportable aquatic facility safety incidents</i>	1	0	0	0	
Service cost Cost of <u>indoor</u> aquatic facilities <i>Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities</i>	\$5.63	\$6.19	\$6.46	\$5.71	The Council has reviewed the way financial information is reported. The improved reporting is reflected in the cost variation on the prior year for the Indoor pool.
Service cost Cost of <u>outdoor</u> aquatic facilities <i>Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities</i>	\$5.63	\$6.19	\$6.46	\$5.68	The Council has reviewed the way financial information is reported. The improved reporting is reflected in the cost variation on the prior year for the Outdoor pool.
Utilisation Utilisation of aquatic facilities <i>Number of visits to aquatic facilities / Municipal population</i>	6	7.05	7.06	7.24	
ANIMAL MANAGEMENT					
Timeliness Time taken to action animal management requests <i>Number of days between receipt and first response action for all animal management requests / Number of animal management requests</i>	Not required	1 day	1 day	1 day	
Service standard Animals reclaimed <i>Number of animals reclaimed / Number of animals collected x100</i>	48.14%	44.42%	44.53%	38.61%	The low rate of reclaimed animals is attributed to a large number of surrenders that occurred during the reporting period.

Service Performance Indicators	2014/15	2015/16	2016/17	2017/18	Material Variation
ANIMAL MANAGEMENT (cont.)					
Service cost Cost of animal management service <i>Direct cost of the animal management service / Number of registered animals</i>	\$55.94	\$56.58	\$90.52	\$93.53	The costs of the pound services provided by the RSPCA increased significantly which led to an increase in the cost of running the animal management operation.
Health and safety Animal management prosecutions <i>Number of successful animal management prosecutions</i>	8	8	5	0	There were no animal management prosecutions in 2017/18.
FOOD SAFETY					
Timeliness Time taken to action food complaints <i>Number of days between receipt and first response action for all food complaints / Number of food complaints</i>	Not required	1 day	1 day	1 day	
Service standard Food safety assessments <i>Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984 x100</i>	14.29%	59.17%	80%	87.04%	
Service cost Cost of food safety service <i>Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984</i>	\$760.98	\$353.66	\$415.82	\$314.88	Organisation review and the removal of a designated vehicle to the unit contributed to the reduction in costs.
Health and safety Critical and major non-compliance outcome notifications <i>Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises x100</i>	100%	0%	0%	0%	

Service Performance Indicators	2014/15	2015/16	2016/17	2017/18	Material Variation
GOVERNANCE					
Transparency Council decisions made at meetings closed to the public <i>Number of Council resolutions made at ordinary or special meetings of the Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of the Council or at meetings of a special committee consisting only of Councillors x100</i>	15.82%	21.15%	11.11%	11.68%	
Consultation and engagement Satisfaction with community consultation and engagement <i>Community satisfaction rating out of 100 with how the Council has performed on community consultation and engagement</i>	52	45	53	53	
Attendance Councillor attendance at council meetings <i>The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election) x100</i>	88.89%	83.46%	100%	92.86%	
Service cost Cost of governance <i>Direct cost of the governance service / Number of Councillors elected at the last Council general election</i>	\$39,868.00	\$40,275.71	\$25,589.08	\$33,354.32	The increase in costs is attributed to the inclusion of interstate travel and mobile phone costs in the 2017/18 reporting period.
Satisfaction Satisfaction with council decisions <i>Community satisfaction rating out of 100 with how the Council has performed in making decisions in the interest of the community</i>	51	44	51	51	



Service Performance Indicators	2014/15	2015/16	2016/17	2017/18	Material Variation
LIBRARIES					
Utilisation Library collection usage <i>Number of library collection item loans / Number of library collection items</i>	2.90	3.18	3.02	3.11	
Resource standard Standard of library collection <i>Number of library collection items purchased in the last 5 years / Number of library collection items x100</i>	54.59%	48.67%	49.31%	49.21%	
Service cost Cost of library service <i>Direct cost of the library service / Number of visits</i>	\$5.32	\$5.09	\$5.03	\$7.01	The increase in cost is due to depreciation being recognised and an increase in the cost of electricity.
Participation Active library members <i>Number of active library members / Municipal population x100</i>	24.17%	18.96%	18.54%	17.79%	Online resource borrowing is not included in this indicator.
MATERNAL AND CHILD HEALTH					
Satisfaction Participation in first MCH home visit <i>Number of first MCH home visits / Number of birth notifications received x100</i>	101.59%	105.74%	103.23%	96.32%	
Service standard Infant enrolments in the MCH service <i>Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received x100</i>	90.48%	100%	101.61%	98.77%	
Service cost Cost of the MCH service <i>Cost of the MCH service / Hours worked by MCH nurses</i>	Not required	\$87.19	\$82.43	\$73.56	Annual leave hours is included in the calculation for 2017/18.
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>	82.48%	83.89%	79.55%	81.23%	
Participation Participation in the MCH service by Aboriginal children <i>Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service x100</i>	85%	89.19%	87.76%	86.27%	

Service Performance Indicators	2014/15	2015/16	2016/17	2017/18	Material Variation
ROADS					
Satisfaction of use Sealed local road requests <i>Number of sealed local road requests / Kilometres of sealed local roads x100</i>	16.33	10.45	48.73	27.03	The decrease in sealed road requests can be attributed to the amount of reseal works carried out over the past two years, requiring less maintenance.
Condition Sealed local roads below the intervention level <i>Number of kilometres of sealed local roads below the renewal intervention level set by the Council / Kilometres of sealed local roads x100</i>	97.85%	97.84%	95.68%	91.35%	
Service cost Cost of sealed local road reconstruction <i>Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed</i>	0	0	0	0	No local road reconstruction was undertaken.
Service Cost Cost of sealed local road resealing <i>Direct cost of sealed local road resealing / Square metres of sealed local roads resealed</i>	\$4.55	\$3.61	\$4.40	\$3.28	The variation in the cost of local road resealing can be attributed to the fluctuating price of oil.
Satisfaction Satisfaction with sealed local roads <i>Community satisfaction rating out of 100 with how the Council has performed on the condition of sealed local roads</i>	52	51	49	43	No obvious reason identified for decrease. Indicator to be monitored for long-term trend.
STATUTORY PLANNING					
Timeliness Time taken to decide planning applications <i>The median number of days between receipt of a planning application and a decision on the application</i>	24 days	30 days	21 days	22 days	
Service standard Planning applications decided within 60 days <i>Number of planning application decisions made within 60 days / Number of planning application decisions made x100</i>	93.96%	95.14	95.65%	92.26%	

Service Performance Indicators	2014/15	2015/16	2016/17	2017/18	Material Variation
STATUTORY PLANNING (cont.)					
Service cost Cost of statutory planning service <i>Direct cost of the statutory planning service / Number of planning applications received</i>	\$2,882.47	\$2,971.10	\$1,594.02	\$1,414.65	A 0.5 EFT position was not replaced in the 2017/18 year and the saving is reflected in this year's costs. Legal costs were also significantly lower.
Decision making Council planning decisions upheld at VCAT <i>Number of VCAT decisions that did not set aside the Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications x100</i>	There were no decisions taken to VCAT.	100%	100%	66.67%	Three planning decisions reviewed by VCAT. One planning decision set aside.
WASTE COLLECTION					
Satisfaction Kerbside bin collection requests <i>Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households x1000</i>	46.93	144.68	127.24	125.63	
Service standard Kerbside collection bins missed <i>Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts x10,000</i>	2.06	1.57	5.99	9.31	The Council implemented improved centralised record keeping for missed bin notifications. The increased figure reflects improved record keeping practices.
Service cost Cost of kerbside garbage bin collection <i>Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins</i>	\$110.86	\$81.60	\$58.14	\$53.97	
Service cost Cost of kerbside recyclables collection <i>Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins</i>	\$84.67	\$63.56	\$46.48	\$46.22	
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>	31.81%	59.68%	62.15%	\$61.23%	

STRATEGIC
OBJECTIVE 1:**Connected
and Vibrant
Community**

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

The following statement reviews the performance of the Council against the major initiatives identified in the 2017/18 Budget.

Major Initiatives	Comment
Promote, support, acknowledge and value volunteers.	<p>National Volunteer Week celebrated in May 2018.</p> <p>Community Services volunteers induction session held in March.</p> <p>Twenty five local students acknowledged during National Student Volunteering Week.</p> <p>Volunteer Connection newsletter produced and distributed.</p> <p>Recruitment campaign undertaken for Meals on Wheels and Visitor Information Centre volunteers.</p>
Promote, support and actively engage with smaller rural communities, including conducting regular informal forums in our rural townships.	<p>Rural Outreach Worker continues to provide a much needed and appreciated service visiting up to nine people a week. The Rural Outreach Research Project reinforced the vital role this service plays in connecting with and supporting our rural communities.</p> <p>Girls Night Out event held in September brought rural women together to socialise and network.</p> <p>Rural communities supported through the Community Support Program, for example the Boweya Community Centre project.</p> <p>Suitable sites evaluated for rural forums which will start early in the 2018/19 year.</p> <p>Benalla Festival events held in rural townships.</p> <p>Facilitation of successful Silo Art projects in Devenish, Goorambat and Winton.</p>



The following statement reviews the performance of the Council against services funded in 2017/18 Budget and the persons or sections of the community who are provided the service.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
Communications	Community engagement in accordance with the Council's Communication and Consultation Strategy.	154	0	154
Community Development	Coordinates and supports community planning and development activities. Engages with young people and partners with service providers.	686	(208)	478
Community Services	<p>Delivers a range of services to enhance independence, dignity, connectedness, health and wellbeing. The services provided are available to residents of all ages, cultures and socio-economic backgrounds.</p> <p>Aged and Disability Services:</p> <ul style="list-style-type: none"> – Food Services – Home and Community Care Assessment Services – Homecare – Planned Activity Groups – Volunteer Transport <p>Family and Children Services:</p> <ul style="list-style-type: none"> – Enhanced Home Visiting – Family Services – Maternal and Child Health 	2,825	(2,159)	666
Development & Environment	Management, planning and response of operations related to emergency events.	387	10	377
Facilities	Coordinates and supports Aquatic Centre operation.	1,318	(732)	586
Development	<p>Management and delivery of specific services such as:</p> <ul style="list-style-type: none"> – Immunisation programs – School crossing supervision – Environmental health education projects 	160	(76)	84
People & Performance	Volunteer coordination and support.	57	0	57

Community Support Program 2017/18

The Council's 2017/18 Budget allocated \$91,666 to the Community Support Program. This included up to \$64,666 for the Community Grants and Youth Participation programs and \$12,000 for the Major Event Funding Program. The balance was directed toward the Community Sponsorship Program.

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

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

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

In February 2018 the Council opened the funding round and held a grant information and writing session in partnership with the Foundation for Rural and Regional Renewal (FRRR), Tomorrow Today Foundation and Valley Sport at the Sir Edward

'Weary' Dunlop Learning Centre. Applications closed in March 2018.

Grants allocated under the 2017/18 program are detailed in the following tables.



Grants allocated under the 2017/18 program are detailed in the table below.

2017/18 Community Grants

Applicant	Project	Funding Allocated
Benalla Agricultural & Pastoral Society Inc.	Purchase of three marquees, bollards and bunting for the annual Benalla Agricultural Show.	\$2,200
Benalla Bush Rangers Cricket Club Inc.	Replacement of worn cricket pitch surface with synthetic turf at the Benalla Gardens Oval Cricket nets.	\$2,343
Benalla Camera Club Inc.	Purchase of studio lights, equipment and light painting tools to assist Club members in conducting portable photography sessions and exhibitions.	\$1,845
Benalla & District Pre School Partnership	Purchase of new educational play equipment for both Bernard Briggs Kindergarten and Munro Avenue Pre School.	\$1,450
Benalla Gymnastics Club Inc.	Removal of existing asbestos cladding and installation of three roller doors at the Chiswell pavilion located at the Showgrounds Recreation Reserve.	\$2,500
Benalla Hockey Association Inc.	Replacement and installation of electrical sewerage pump at Churchill Reserve, Benalla.	\$2,500
Benalla Indoor Recreation Centre Inc.	Purchase of an Access Control System for the Benalla Indoor Rec Centre to adopt an accurate user pay system to record usage of the facility.	\$2,500
Benalla Lawn Tennis & Croquet Club Inc.	Installation of new evaporative air-conditioning for the clubrooms at the Benalla Lawn Tennis Club.	\$2,500
Benalla Migrant Camp Inc.	Launch of the Benalla Migrant Camp 1949 -67 Digital Story Telling Project as part of the 2018 Benalla Festival.	\$2,500
Benalla Netball Association	Purchase and installation of plumbed water cooler at the Churchill Reserve Netball Clubrooms.	\$2,460
Benalla Saints Sports Club Inc.	Purchase of gym equipment to support two Junior U18 Women's Football team.	\$800
Benalla Saints Sports Club Past Players and Officials Association Inc. as auspice for the Benalla Young Sportspersons Trust	Funding support to assist local young sportspersons to compete at Regional, State, National and International level sporting competition and events.	\$1,000
Benalla Senior Citizens Inc.	Purchase of TV Mounting bracket equipment and overhead lighting for pool table at Senior Citizens, Fawcner Drive, Benalla.	\$977
Benalla Sustainable Future Group	Purchase of digital projector to support a variety of community education and capacity building initiatives and community information sessions.	\$925
Benalla Theatre Company Inc.	Funding to assist with advertising and promotion of the 2018 performance of "Nonsense 2".	\$2,000

Applicant	Project	Funding Allocated
Big Valley Quarter Horse Association Inc.	Purchase and installation of power mushroom (including water outlet) at the Benalla Sports & Equestrian Centre.	\$2,300
Broken River Potters Inc.	Funding to assist with the purchase and installation of a new pottery kiln at Hut 66, Hangar lane, Airport Complex, Benalla	\$2,500
Cooinda Village Inc.	Funding support to assist with the "Walk and Wake Up to Dementia" Community Walk.	\$1,500
Devenish Memorial Sports Club Inc.	Purchase and installation of five ceiling fans for the Devenish Sports Pavilion.	\$1,600
Devenish Public Hall Inc.as auspice for the Devenish Silo Art Committee	Funding to support the hire of a scissor lift for the construction of the third silo as part of the Devenish Silo Art Project.	\$2,500
For the Good of Devenish	Refurbishment and upgrade of the Devenish Bicentennial Park BBQ including replacement of hot plate and stainless steel cover.	\$1,500
Goorambat Football Netball Club Inc.	Replacement and construction of two football interchange coaching box shelters at Goorambat Football Oval.	\$2,500
LG Boxing Club Benalla Inc.	Purchase of carpet tiles to upgrade gym area to assist with safety and accessibility to facility.	\$2,500
Lima South Public Hall Reserve Committee of Management Inc.	Purchase and replacement of louvre windows at the Lima South Hall	\$2,500
Moirra Benalla Club Inc.	Purchase of 60 chairs for the Moira Bowls Club facility.	\$2,450
North East Multicultural Association Inc.	Funding to assist with conducting a Harmony Day Event in Benalla in 2019.	\$2,000
Ride Avenue Pre School	Purchase an installation of new vanity unit, bathroom cabinet including bench tops and doors, locks and children's toilet partitions to match.	\$1,650
Samaria Suns Sports Club Inc.	Purchase of laptop computer, carry case, external hard drive and software for the Samaria Suns Sports Club Inc.	\$ 988
Swanpool Bowling Club Inc.	Purchase and installation of security screen doors on all entrances to building to ensure safe and secure access to facility.	\$2,100
Swanpool & District Community Development Inc.	Funding to assist with promotion and marketing of the Swanpool Art Festival to be held in August 2018 which will include the inaugural Swanpool Creative Recycling Art Prize (SCRAP).	\$1,500
Waminda Inc.	Funding to assist with a variety of HOCUS youth activities and events such as Swim n Gym, Cooking and Volunteering activities such as Benalla Festival.	\$2,500
Warrenbayne Recreation Reserve Committee of Management	Purchase and installation of equipment to improve facility energy efficiency including ceiling fans, replacement of light fittings and fly wire screens on the kitchen and supper room windows.	\$1,078
Total		\$62,166

2017/18 Youth Participation Grants

Applicant	Project	Funding Allocated
Leah Mafrić – c/- Benalla Flexible Learning Centre	Funding to assist with the Tiny House Project which will involve students converting a container into a tiny house. This project aims to assist young people to develop trade, employability and project management skills.	\$1,000
Kobi Chapman – c/- Goorambat Football Netball Club	Funding support to assist with the purchase of a Gazebo and Junior Netball Training kit including equipment such as hoops, balls, pump, ropes and equipment bag.	\$1,000
Damien Ambrose – c/- Waminda Inc.	Funding to support the hire of a scissor lift for the construction of the third silo as part of the Devenish Silo Art Project.	\$500
Total		\$2,500
Total for Community Grants		\$64,666

2018 Major Event Funding

Applicant	Project	Funding Allocated
Friends of the Benalla Art Gallery	Funding to assist with venue hire of the Benalla Town Hall for the Brass, Brass and Even More Brass event to be held on Saturday 10 November 2018.	\$173
Goorambat & District Community Group	Funding to assist with lighting, venue hire, fencing, catering and insurance for the 'Look What's in Our Backyard' Street Party to be held on Saturday 3 November 2018.	\$1,400
Moorngag Hall & Recreation Reserve	Funding to assist with portable amenities including toilets, cool room, marquee and watercart hire for the Moorngag Mower Mania event on Saturday 3 November 2018.	\$1,400
Tatong Memorial Hall Committee Inc.	Funding to assist with catering for the Launch of the Tatong Art Show on Friday 2 November 2018.	\$1,327
U3A Benalla	Funding to assist with catering, court hire and team shirts for the regional U3A Benalla Lifeball Fun and Friendship Day to be held in April/May 2019.	\$900
Us And Them Tourers Inc.	Funding to assist with event delivery including venue hire, permit fees and insurance for the Black Knight Rally to be held at the Devenish Sports Oval from 14-16 September 2018.	\$1,000
Wandering Collective Pty. Ltd.	Funding to assist with marketing and promotion of the Happy Wanderer Festival a four day music and arts event to be held near Benalla at Yin Barun Farm from 2-5 November 2018.	\$1,500
Devenish Public Hall Committee Inc.	Funding to assist with catering, hire of chairs and merchandise for the launch event of the final Devenish Silo Art Project to recognise Remembrance Day.	\$1,400
Benalla Triathlon Club	Funding to assist with traffic management planning and traffic control for the Lake Benalla Triathlon to be held on Saturday 29 December 2018.	\$1,400
Austin Seven Club Inc.	Funding to assist with marketing and promotion of Historic Winton, Australia's largest and most popular all-historic motor race meeting held at Winton Motor Raceway from 25-27 May 2018.	\$1,500
Total		\$12,000

Community Sponsorship Program 2017/18

As detailed in the table below, in 2017/18 \$14,576 of assistance was provided to 31 community organisations from the Council's Community Sponsorship Program.

Applicant	Project	Funding Allocated
Benalla & District Adult Riding Club	Funding support to assist with costs associated with the hire of Benalla Performing Arts and Convention Centre (BPACC) for the "Raise the Roof" fundraising event.	\$500
Benalla Agricultural & Pastoral Society	Funding support to assist with costs associated with hiring of the Benalla Sports & Equestrian Centre for a fund raising gymkhana event. Funds raised will assist support the 2018 Benalla Spring Show.	\$500
Rotary Club of Benalla Inc.	Funding support to assist one child to attend the Portsea Camp in January 2018	\$365
Benalla P – 12 College	Funding to support the Year 12 Graduation Awards event held in December 2017.	\$500
Benalla Gymnastics Club Inc.	Funding to assist with fundraising BBQ to support the upgrade of the Benalla Gymnastics Club plus the hire of chairs for the annual gymnastics presentation night held in December 2017.	\$500
Alzheimer's Australia	Funding to support costs associated with hiring the Pat Claridge meeting room at the Sir Edward 'Weary' Dunlop Learning Centre to undertake four Carers workshops during November 2017	\$352
LG Boxing Club Benalla Inc.	Funding support to assist with costs associated with conducting a community BBQ to celebrate the Benalla Boxing Clubs incorporation and the clubs first Annual General Meeting held in November 2017.	\$400
Dizzy Theatre Productions Inc.	Funding to assist with costs associated with the hire of Benalla Performing Arts and Convention Centre (BPACC) to conduct three community theatre events in Benalla.	\$500
Baddaginnie CFA	Funding to assist with conducting a Baddaginnie Community Christmas celebration event in December 2017.	\$500
Benalla Scout Group	Funding support to assist with costs associated with hiring a bus to enable the Benalla Cub Pack to travel to the Pack Holiday event at Ballarat Gold Fields in November 2017.	\$500
Goomalibee Upotipotpon CFA	Funding support to assist with conducting a Goomalibee CFA Community Christmas event in December 2017.	\$500
FCJ College	Funding support to assist with costs associated with the hire of Benalla Performing Arts and Convention Centre	\$500
Lurg Hall & Reserve Committee Inc.	Funding to assist with the purchase of small equipment including lighting, urn and xmas lights to assist in conducting community celebration events at the Lurg School Reserve.	\$500
Waminda Inc	Funding to assist with conducting a Carols by Candlelight event at Benalla Performing Arts and Convention Centre.	\$500
Big Valley Quarter Horse Association Inc.	Funding support to assist with catering, promotion and hire of skip bin for the Big Valley Quarter Horse Association three day event held in Benalla in January 2018.	\$500

Applicant	Project	Funding Allocated
Broken River Environment Group Inc. auspiced by Goomalibee Landcare	Funding support to assist with purchase of high vis vests and rubbish pickers for the Goomalibee/Tarnook Clean Up Australia Day event held in March 2018.	\$500
Swanpool Bowls Club Inc.	Funding to assist with costs associated with promotion and catering of the Swanpool Australia Day Bowls tournament held in January 2018	\$500
Women's Health Goulburn North East Inc.	Funding to assist with costs associated with the hire of Benalla Performing Arts and Convention Centre for the Regional Prevention of Violence Against Women Community of Practice held in April 2018.	\$500
Cooinda Village Inc.	Funding support to assist with hire of Benalla Performing Arts and Convention Centre for the "Let's Find Our Voice" event held in June 2018.	\$500
Let Us Entertain You (LUEY) Inc.	Funding to assist with costs associated with hiring the Benalla Town Hall to conduct a two day amateur theatre skills workshop in April 2018.	\$500
Molyullah Recreation Reserve and Public Hall Committee of Management	Funding support to assist with costs associated with the hire of rubbish bins for the annual Molyullah Easter Sports Day event held in April 2018.	\$500
Benalla Act2DFeet MND Committee	Funding to assist with costs associated with promotion, advertising and bin hire for the Benalla Act2DFeet MND event held in February 2018.	\$500
Baddaginnie Community Inc.	Seeking funding support to assist with costs associated with the purchase of a Canopy Rangehood exhaust system to support the upgrade of the kitchen in the Jubilee Hall, Baddaginnie	\$319
U3A Benalla Inc.	Funding to assist with costs associated with the hire of Lifeball Courts at the Benalla Indoor Recreation Centre for the U3A Benalla Lifeball Group – Fun and Friendship Regional Lifeball event held in April 2018.	\$500
Benalla & District Pre School Partnership	Seeking funding support to provide the Life Education Program to all four year old children at both the Bernard Briggs Kindergarten and Munro Avenue Preschool.	\$500
Benalla Garden Club Inc.	Seeking funding to assist with hire of the Lakeside Community Centre for the Garden Club's 65th Birthday celebration event to be held in October 2018.	\$440
Ride Avenue Pre- School Inc.	Seeking funding support to assist with costs associated with hall hire as part of the Ride Avenue Fundraising Trivia night.	\$200
Commonwealth Clydesdale Horse Society (Vic Branch) as auspice for Benalla Heavy Horse Driving Day 2018	Seeking funding support to assist with promotion and hire of PA and marquee for the Benalla Heavy Horse Driving Day held in May 2018.	\$500
Benalla Rose City Band	Funding to assist with the hire of the Benalla Town Hall for the Join Annual Concert with Benalla Theatre Company in September 2018.	\$500
Benalla Camera Club Inc.	Funding to assist with printing, mounting images, promotion, printing and launch costs associated with "A day in the Life of the Library" event. This is a joint event between Benalla Camera Club and the Benalla Library.	\$500
Benalla Swimming Club Inc.	Funding to assist with the hire of the Benalla Aquatic Centre for the annual Benalla Swimming Club meet to be held in July 2018.	\$500
Total		\$14,576

STRATEGIC
OBJECTIVE 2:

Engaging and Accessible Places and Spaces

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

The following statement reviews the performance of the Council against the major initiatives identified in the 2017/18 Budget.

Major Initiatives	Comment
Maintain and capitalise on the Lake Benalla, Art Gallery and Botanical Gardens precinct incorporating cultural, recreational and community activities and protecting environmental and cultural assets.	<p>Lake Benalla drained in February as part of a long-term invasive weed management program.</p> <p>Benalla Botanical Gardens Adventure Park opened in November 2017 celebrating the 50th Birthday of the "Rocket slide".</p> <p>Benalla Gardens Oval "Picket Fence" project initiated.</p>
Deliver and promote maintenance programs for core assets such as roads, bridges and drainage.	<p>Unsealed road grading trial undertaken using two contract graders and water trucks.</p> <p>Footpaths replaced in Bridge Street, Gray Street and Riverview Road.</p> <p>Pathways to the Future works including widening of the Coster Street footpath and renewing of bike lane line marking were completed.</p> <p>Stages 1 and 2 Devenish Drainage Works complete.</p> <p>Clean up following significant storm event in December 2017 undertaken.</p>
Progress the Arundel Street Oval Improvements, Benalla Sports and Equestrian Centre Undercover Arena, 'Courts 4 Sports' Benalla Indoor Recreation Centre projects.	<p>Benalla Sports and Equestrian Centre Raise the Roof Arena Feasibility Study completed.</p> <p>Consultant appointed to develop Benalla Indoor Recreation Centre Masterplan.</p>



The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2018 Review).

Strategic Indicator / Measure	Target	Result	Comment
Proportion of planning permit applications processed within 60 day statutory requirement	90%	92.26%	

The following statement reviews the performance of the Council against the services funded in the 2017/18 Budget.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
Arts, Communication, Tourism & Events	Benalla Library operations, which provides library services.	572	(174)	397
Benalla Art Gallery	The Benalla Art Gallery provides social and economic benefits to the Rural City.	589	(245)	345
Development & Environment	Includes the General Manager Development and Environment and associated support and the GIS management function.	394	0	394
Development	Land use Planning Services to manage development in accordance with the Benalla Planning Scheme and the <i>Planning and Environment Act 1987</i> . Ensures the Municipal Building Surveyor Service meets statutory obligations in accordance with the <i>Local Government Act 1989</i> and the <i>Building Act 1993</i> . Coordination of the Council's statutory obligations in relation to the <i>Domestic (Feral and Nuisance) Animals Act 1994</i> , <i>Road Management Act 1994</i> , <i>Environment Protection Act 1970</i> and <i>Country Fire Authority Act 1958</i> . Provision of professional Environmental Health Services to meet the Council's statutory obligations with respect to the <i>Health Act 1958</i> and <i>Environment Protection Act 1970</i> .	407	(328)	79
Infrastructure	Responsible for the Council's Asset Management requirements including its Road Management Plan. Maintains the Geographical Information Systems which provide computer based mapping and aerial photography. Implementation of major and minor works project management, supervision and delivery. Management and strategic implementation of maintenance and repair activities: <ul style="list-style-type: none"> – urban roads, drains and footpaths – rural roads, drains and bridges – signage, street sweeping – minor construction works – asset inspection programs – plant – maintains the Geographical Information Systems which provide computer based mapping and aerial photograph. 	7,407	(3,240)	4,167
Facilities	Responsible for the management and maintenance of the Council's properties, open spaces, reserves and buildings.	2,392	(21)	2,371

STRATEGIC
OBJECTIVE 3:**Sustainable
Environment**

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

The following statement reviews the performance of the Council against the initiatives identified in the 2017/18 Budget.

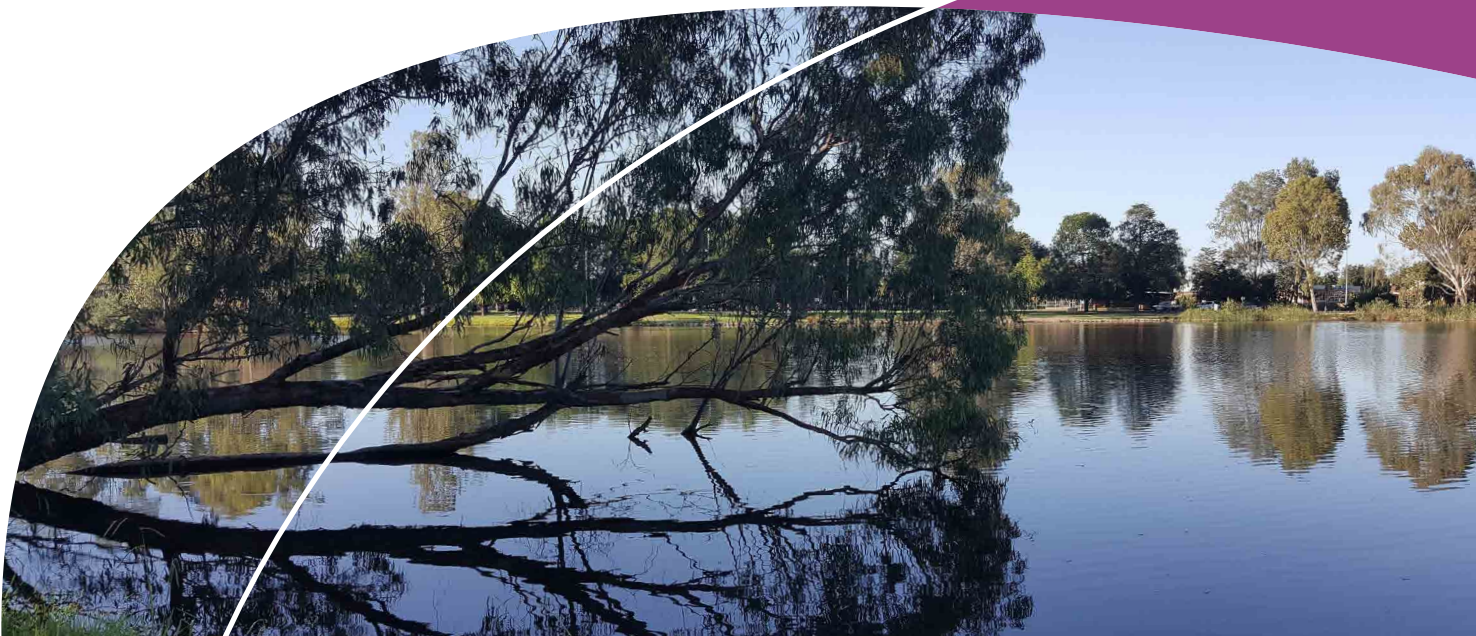
Major Initiatives	Comment
Establish a transfer station at the Benalla Landfill and Resource Recovery Centre.	\$440,000 Sustainability Victoria grant received toward the \$900,000 Benalla Resource Recovery Centre Upgrade Project – Stage 1.
Review, adopt and commence implementation of the Benalla Landfill and Resource Recovery Centre Rehabilitation strategy.	Benalla Landfill and Resource Recovery Centre Masterplan adopted October 2017. The Masterplan includes a rehabilitation timeline (Stage 1 rehabilitation starts 2021) and cost estimate.

The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2018 Review).

Strategic Indicator / Measure	Target	Result	Comment
Proportion of collected household waste recycled versus landfill.	50%	61.23%	

The following statement reviews the services funded in 2017/18 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
Development & Environment	This service is responsible for the management and provision of environmental projects.	110	(39)	71
Waste Management	Includes waste collection, recycling programs, EPA licenced landfill operation, and waste minimisation programs in accordance with state and regional plans and policies. Also includes sustainability and environment activities: climate change, roadside vegetation, energy and water conservation; and water quality. Operating result is offset by required capital expenditure.	4,583	(4,537)	46
Development	This service is responsible for the management and provision of advice on external domestic waste water program, in consultation with relevant stakeholders, on behalf of the Council.	0	(15)	(15)



STRATEGIC
OBJECTIVE 4:

Thriving and Progressive Economy

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

The following statement reviews the performance of the Council against the initiatives identified in the 2017/18 Budget.

Major Initiatives	Comment
Progress the Benalla Business Growth (Enterprise Park) project.	<p>Site works completed in preparation for land sales.</p> <p>Lots 1, 2 and 9 sold to adjoining landowners.</p> <p>Sworn valuation obtained for Lot 25, which will be auctioned in the 2018/19 year.</p> <p>External funding required to progress further subdivision.</p>
Actively support and promote tourism events across Benalla Rural City.	<p>\$12,000 allocated to ten local events under the 2017/18 Major Event Funding Program.</p> <p>Provided assistance on planning and compliance to 111 events.</p> <p>2017 Benalla Festival included 50 events.</p> <p>Key events included a Supercar Driver Appearance, Historic Winton Classic Car and Motorbike Tours, Cinema Pop Up, Swanpool Bald Archy Prize Exhibition, Mokoan Music Festival and 2018 Wall to Wall Festival.</p>
In partnership with key stakeholders develop a Benalla Rural City Tourism and Events strategy.	<p>Consultant appointed to assist in the development of the Benalla Rural City Tourism & Events Strategy 2018-2022. Extensive engagement undertaken, including one-on-one consultations and a visioning workshop. Strategy to be adopted early in the 2018/19 year.</p>



The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2018 Review).

Strategic Indicator / Measure	Target	Result	Comment
Businesses listed on the North East Tourism Digital Platform.	34	42	
Opportunities for business owners to participate in employment and training programs.	30 participants per year	902	
Participation in events to promote Benalla Rural City outside the region.	At least two per year	2	

The following statement reviews the services funded in 2017/18 Budget and the persons or sections of the community who are provided the service.

Business Area	Description of services provided	Expenditure \$'000	(Revenue) \$'000	Net Cost \$'000
Business Development	This service predominantly provides advice to internal and external customers on business activities and opportunities for business within the municipality. Management of property for sale.	207	(15)	192
Arts, Communications, Tourism & Events	Management of Visitor Information Centre, Events and Tourism including Benalla Festival and other grant funded events across Benalla Rural City.	687	(161)	526
Benalla Performing Arts & Convention Centre	Management and operation of the Benalla Performing Arts and Convention Centre (BPACC).	613	(319)	294
Facilities Maintenance	This service prepares long term maintenance management programs for the Council's property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, aerodrome, pavilions and other community buildings.	341	(311)	30



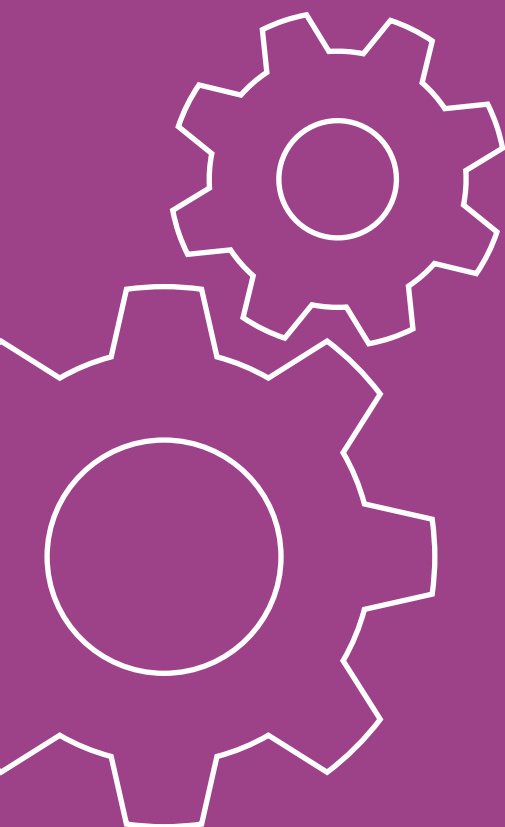
STRATEGIC
OBJECTIVE 5:

High Performing Organisation

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

The following statement reviews the performance of the Council against the initiatives identified in the 2017/18 Budget.

Major Initiatives	Comment
Develop a 10-Year Forward Financial Plan to ensure assets and financial resources are managed responsibly to deliver financial sustainability.	Participated in Long Term Financial Plan (LTFP) software development.
Ensure the Council is open, transparent, inclusive and accountable to the community through sound governance practices for making and implementing decisions.	Development of new Community Engagement Strategy underway. Council News delivered monthly to every rateable household. Redeveloped website went live in July 2017. Local Government Community Satisfaction Survey undertaken.
Implement a Single Point Asset Management Program.	Three cross departmental Asset Management workshops conducted to collect and validate data, identify systems blockages and investigate asset management options. \$100,000 allocated for the purchase of an asset management system. Tenders to supply, install and commission an asset management system called for in June 2018.



The following statement reviews the performance of the Council against strategic indicators in the Council Plan 2017-2021 (2018 Review).

Strategic Indicator / Measure	Target	Result	Comment
Community satisfaction rating for our performance in community consultation and engagement.	48≥	53	

The following statement reviews the services funded in 2017/18 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
Office of the Chief Executive Officer	Chief Executive Officer, Mayor and Councillor support and internal audit program.	691	22	669
Corporate and Community	Includes the General Manager Corporate and Community and associated support. Also includes the governance function.	511	(0)	511
Facilities Maintenance	This service manages the Council's business service centre and Town Hall buildings.	102	(0)	102
Financial Services	This service predominantly provides financial based services to both internal and external customers including the management of the Council's finances, procurement and contracting of services, raising and collection of rates and charges and valuation of properties throughout the municipality.	1,092	(17,203)	(16,111)
People and Performance	Includes human resource management support for the organisation and training and development for staff. Delivers information technology services and support to Council staff and various work locations. This Department Is also responsible for ensuring the achievement of corporate objectives in regard to Risk Management, Insurance and Occupational Health and Safety.	2,679	(8)	2,671
Development	Ensures the Municipal Building Surveyor Service meets statutory obligations in accordance with the <i>Local Government Act 1989</i> and the <i>Building Act 1993</i> . Coordination of the Council's statutory obligations in relation to the <i>Domestic (Feral and Nuisance) Animals Act 1994</i> , <i>Road Management Act 1994</i> , <i>Environment Protection Act 1970</i> and <i>Country Fire Authority Act 1958</i> . Provision of professional Environmental Health Services to meet the Council's statutory obligations with respect to the <i>Health Act 1958</i> and <i>Environment Protection Act 1970</i> .	851	(376)	475

Equal Employment Opportunity

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

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

Code of Conduct

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

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

Reported Incidents And Hazards

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

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

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

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

In 2017/18 there were 53 reported incidents. Work continues with all staff to raise the awareness of their Occupational Health and Safety responsibilities and continue to reduce the risk of incident/accidents occurring as well as continuing to encourage proactive reporting and investigation to incident and accidents.

Managing Risk

The Council has a Risk Management Framework and Policy in line with current best practice in the management of business enterprise risks and current AS/NZS 31000 guidelines. The Risk Management Framework and Policy addresses items such as:

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

Statutory Information

Best Value

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

The Best Value Principals are:

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

Examples of how the Council gave effect to the Best Value Principals during the 2017/18 financial year included:

- External audits conducted on Aged and Disability Services and Family Services functions
- Community Plan Implementation Steering Committee continued to meet.
- Participation in the 2018 Local Government Community Satisfaction Survey
- Community Access and Inclusion Plan 2015-2017 reviewed

- Grant to undertake service planning submitted to Local Government Victoria
- Achievements in relation to Best Value Principles reported to the community through a range of communications channels.

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 the Council are informed about the principles and obligations of the Act
- reviewing and modifying policies, procedures and supports to include recognition of the carer relationship
- ensuring information on the Act is readily available to staff.

Documents for public inspection

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

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

Disability Action Plan

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

Domestic Animal Management Plan

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

The Council adopted the Domestic Animal Management Plan 2012-16 on 3 July 2013. A review of the plan started in April 2017.

Food Act Ministerial Directors

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

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

Freedom of Information

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

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

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

Requests for documents in the possession of the Council should be addressed to the Freedom of Information Officer. Requests can also be lodged online or by email.

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

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

Protected Disclosure Procedures

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

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

During the 2017/18 year no disclosures were notified to Council officers appointed to receive disclosures.

Road Management Act Ministerial Direction

In accordance with section 22 of the Road Management Act 2004, the Council must publish a copy or summary of any Ministerial direction in its annual report. No such Ministerial Directors were received by the Council during the financial year.



Accountability and Governance

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

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

The Council puts corporate governance systems in place to ensure the organisation:

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

Council Committee System and Meeting Cycle

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

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

Meetings of Council

Total meetings: 10 Ordinary Meetings, 6 Special Meetings

Councillor attendance at Council meetings and Special Council meetings during 2017/18.

Councillor	Council meetings attended	Special Council meetings attended	Total
Cr Donald Firth (Mayor)	10	6	16
Cr Barbara Alexander	10	6	16
Cr Danny Claridge	9	5	14
Cr Peter Davis	9	6	15
Cr Bernadette Hearn	9	5	14
Cr Scott Upston	10	5	15
Cr William van Wersch	9	5	14

Special Committee Meetings

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

Special Committee	Councillors	Officers	Other	Purpose
Finance and Operations	7	0	0	Exercise its delegated Council powers in connection with governance, financial operations, social and cultural development and the Council's organisational administration.
Planning and Development	7	0	0	Exercise its delegated Council powers in connection with planning, capital projects, infrastructure, land use, environmental issues and local laws
Benalla Art Gallery	2	1	7	To develop the strategic direction of the Benalla Art Gallery.

Finance and Operations Committee meetings 2017/18

Number of meetings held: 12

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

Planning and Development Committee meetings 2017/18

Number of meetings held: 14

Councillor	Number of meetings attended
Cr Donald Firth (Mayor)	14
Cr Barbara Alexander	14
Cr Peter Davis	14
Cr Danny Claridge	13
Cr Bernadette Hearn	14
Cr Scott Upston	11
Cr William van Wersch	13

Benalla Art Gallery Special Committee meetings 2017/18

Number of meetings held: 6

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

Councillor Code of Conduct

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

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

Conflict of Interest

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

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

During 2017/18 there were eight conflicts of interest disclosed by Councillors at Council and Special Committee meetings. These are available on the Council's website including a description and the class of the conflict.

Councillor Allowances

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

For 2017/18 Benalla Rural City was classified as a Category 1 Council. On 24 May 2017 the Council resolved that the Mayoral and Councillor allowances be fixed at 2.5 per cent less than the maximum amount payable to a Category 1 Council with an amount equivalent to the deduction being donated to an appropriate charity or project as determined by the Council.

In accordance with this resolution, \$4,457 was allocated towards the painting of silhouettes on the façade of the Benalla Indoor Recreation Centre.

The table below presents the allowances paid to each Councillor during 2017/18:

Councillor	Allowance
Cr Donald Firth (Mayor)	\$58,730.63
Cr Barbara Alexander	\$19,657.48
Cr Danny Claridge	\$19,657.48
Cr Peter Davis	\$19,657.48
Cr Bernadette Hearn	\$19,657.48
Cr Scott Upston	\$19,657.48
Cr William van Wersch	\$19,657.48

Audit Advisory Committee

Membership

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

Name	Qualifications	Professional Background
Mr Wayne Neylon	FCPA	A qualified Fellow of the Certified Practising Accountants with over 40 years of experience working in the retailing, finance, stockbroking, aviation, financial services and insurance industries.
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 John Stapleton	BBus	Currently the Finance and Business Specialist at VicRoads in Benalla and has in excess of 29 years' experience working in government, primarily in the financial and business area. Has 20 years' experience as a volunteer treasurer to sporting clubs and associations in the Benalla area.
Mr Cameron Gray	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.

Attendance

During the 2017-18 financial year there was a quorum for each Audit Advisory Committee meeting, where the appointed Chair presided. Attendance of AAC members for the 2017-18 meeting schedule is summarised below.

	July 2017	September 2017	November 2017	March 2018
Wayne Neylon, Chair	✓	✓	✓	✓
Rita HP Ruyters	✓	✓	✓	✓
John Stapleton	✓	✓	✓	✓
Cameron Gray	✓	✓	✓	✓
Cr Bernie Hearn	x	✓	✓	✓
Cr Barbara Alexander, Chair Finance & Operations Committee	x	✓	✓	x

Internal audit

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

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

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

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

External audit

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

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

Our external audit focuses on three key areas:

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



Council Advisory Committees

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

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

Governance and Management Checklist

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

Governance and Management Item	Assessment
1. Community engagement policy (policy outlining the Council's commitment to engaging with the community on matters of public interest)	✓ Policy Date of current policy: 1 October 2005
2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	✓ Guidelines Date of current guidelines: 1 October 2005
3. Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	✓ Plan Date Plan adopted in accordance with section 126 of the Act: 30 August 2017
4. Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	✓ Budget Date Budget adopted in accordance with section 130 of the Act: 27 June 2018
5. Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	✓ Plans Date of operation of current plans: Buildings – 11 July 2012 Roads – 8 August 2012 Bridges – 8 August 2012 Footpaths and cycleways – 5 September 2007
6. Rating strategy (strategy setting out the rating structure of the Council to levy rates and charges)	✓ Strategy Date of current strategy: 27 June 2018
7. Risk policy (policy outlining the Council's commitment and approach to minimising the risks to Council's operations)	✓ Policy Date of current policy: 1 May 2018
8. Fraud policy (policy outlining the Council's commitment and approach to minimising the risk of fraud)	✓ Policy Date of current policy: 21 October 2011

Governance and Management Item	Assessment
9. Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	<p>✓ Plan</p> <p>Maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i>: 29 June 2016</p>
10. Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	<p>✗ Policy</p> <p>Reviewed and approved in accordance with section 186A of the <i>Local Government Act</i>: Policy currently under review by the Council.</p>
11. Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	<p>✓ Plan</p> <p>Date of current plan: 9 December 2016</p>
12. Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	<p>✓ Plan</p> <p>Date of current plan: 9 December 2016</p>
13. Risk management framework (framework outlining the Council's approach to managing risks to the Council's operations)	<p>✓ Framework</p> <p>Date of current framework: 30 June 2014</p>
14. Audit Committee (advisory committee of the Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	<p>✓ Established</p> <p>Date committee established in accordance with section 139 of the Act: 1 February 2005</p>
15. Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	<p>✓ Engaged</p> <p>Date of engagement of current provider: 15 March 2017</p>
16. Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	<p>✓ Framework</p> <p>Date of operation of current framework: 1 July 2014</p>
17. Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	<p>✓ Report</p> <p>Council Meeting: 15 November 2017 7 March 2018</p>

Governance and Management Item	Assessment
18. Financial reporting (quarterly statements to the Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	<p>✓ Statements</p> <p>Date Statements presented to Council in accordance with section 138(1) of the Act: 27 September 2017 15 November 2017 14 February 2018 23 May 2018</p>
19. Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	<p>✗ Report</p> <p>Risk Framework and Strategy under review.</p>
20. Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	<p>✓ Report</p> <p>15 November 2017 7 March 2018</p>
21. Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	<p>✓ Considered at a meeting of Council in accordance with section 134 of the Act</p> <p>Council Meeting: 15 November 2017</p>
22. Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	<p>✓ Reviewed in accordance with section 76C of the Act</p> <p>Date reviewed: 1 February 2017</p>
23. Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	<p>✓ Reviewed in accordance with section 98(6) of the Act</p> <p>Date of review: Council to CEO – 15 February 2018 CEO to Staff – 27 March 2018 Council to staff – 18 April 2018</p>
24. Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	<p>✓ Governance local law (incorporating meeting procedures) made in accordance with section 91(1) of the Act</p> <p>Date Local Law gazetted: 31 August 2016</p>

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



Robert Barber
Acting Chief Executive Officer
26 September 2018



Cr Peter Davis
Acting Mayor

Performance Statement

For the year ended
30 June 2018

Description of municipality

The Benalla Rural City Council (the council) is situated 193 kilometres north east of Melbourne. It includes the eight rural townships of Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Thoona, Tatong and Winton. Benalla is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. The central lake, botanical gardens and riverine parklands, walking paths, and an attractive and vibrant centre, are the key features. The main industries include, manufacturing, agriculture, retail and construction. The council covers an area of 235,059 hectares and has a population of 13,960.

Sustainable Capacity Indicators

For the year ended 30 June 2018

Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Own-source revenue Own-source revenue per head of municipal population <i>Own-source revenue / Municipal population</i>	\$1,397	\$1,460	\$1,554	\$1,544	
Recurrent grants <i>Recurrent grants per head of municipal population</i> <i>Recurrent grants / Municipal population</i>	\$706	\$445	\$724	\$533	Additional \$2 million in Financial Assistance Grant funding received in 2016/17.
Population Expenses per head of municipal population <i>Total expenses / Municipal population</i>	\$2,401	\$2,015	\$2,210	\$2,138	
Infrastructure per head of municipal population <i>Value of infrastructure / Municipal population</i>	\$13,816	\$13,498	\$13,653	\$14,498	
Population density per length of road <i>Municipal population / Kilometres of local roads</i>	10	10	10	10	
Disadvantage Relative socio-economic disadvantage <i>Index of Relative Socio-economic Disadvantage by decile</i>	2	2	2	2	

Definitions

"Adjusted underlying revenue" means total income other than —

- (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 in paragraphs (a) and (b)

"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 2018

Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
GOVERNANCE					
Satisfaction Satisfaction with council decisions <i>Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community</i>	51	44	51	51	
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>	0%	100%	100%	67%	Three planning decisions reviewed by VCAT. One planning decision set aside.
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>	52	51	49	43	No obvious reason identified for decrease. Indicator to be monitored for long-term trend.
LIBRARIES					
Participation Active library members <i>Number of active library members / Municipal population x100</i>	24%	19%	19%	18%	Online resource borrowing is not included in this indicator.
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>	32%	60%	62%	61%	
AQUATIC FACILITIES					
Utilisation Utilisation of aquatic facilities <i>Number of visits to aquatic facilities / Municipal population</i>	6	7	7	7	

Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
ANIMAL MANAGEMENT					
Health and safety Animal management prosecutions <i>Number of successful animal management prosecutions</i>	8	8	5	0	There were no animal management prosecutions in 2017/18.
FOOD SAFETY					
Health and safety Critical and major non-compliance notifications <i>Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises x100</i>	100%	0.00%	0.00%	0.00%	
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>	82%	84%	80%	81%	
Participation Participation in the MCH service by Aboriginal children <i>Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service x100</i>	85%	89%	88%	86%	

Definitions

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

Financial Performance Indicators

For the year ended 30 June 2018

Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
OPERATING POSITION									
Adjusted underlying result Adjusted underlying surplus (or deficit) <i>Adjusted underlying surplus (deficit)/ Adjusted underlying revenue x100</i>	-12%	-3%	5%	-0.29%	-11%	-11.9%	-11%	-11.9%	Early receipt of \$2 million Financial Assistance Grants (50 per cent) in 2017/18 has improved the 2018 result. Error in 2019-2022 ratios as a result of \$2 million in grant funds excluded in calculations.
LIQUIDITY									
Working capital Current assets compared to current liabilities <i>Current assets / Current liabilities x100</i>	127%	120%	157%	164%	122%	140%	146%	170%	Higher cash levels as some large capital works projects delayed in 2018. Forecast liquidity is based only on expected grant funds, such as Road to Recovery funding.
Unrestricted cash Unrestricted cash compared to current liabilities <i>Unrestricted cash / Current liabilities x100</i>	55%	68%	106%	29%	39%	49%	54%	77%	Difference due to reclassification of cash investments maturity over three months being reclassified to other financial assets in 2017/18. Forecast not based on this reclassification to other financial assets.
OBLIGATIONS									
Loans and borrowings Loans and borrowings compared to rates <i>Interest bearing loans and borrowings / Rate revenue x100</i>	47%	41%	35%	31%	28%	24%	21%	18%	Loan repayments have reduced financial obligations.
Loans and borrowings repayments compared to rates <i>Interest and principal repayments on interest bearing loans and borrowings / Rate revenue x100</i>	9%	10%	8%	7%	6%	6%	6%	6%	Loan balances reducing.

Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Indebtedness Non-current liabilities compared to own source revenue <i>Non-current liabilities / Own source revenue x100</i>	68%	62%	57%	52%	50%	47%	43%	40%	Loan balances reducing.
Asset renewal Asset renewal compared to depreciation <i>Asset renewal expenses / Asset depreciation x100</i>	45%	52%	57%	45%	60%	66%	78%	58%	Asset renewal continues to be a challenge. External capital grant funding required to undertake required renewal.
STABILITY									
Rates concentration Rates compared to adjusted underlying revenue <i>Rate revenue / Adjusted underlying revenue x100</i>	50%	59%	52%	56%	66%	67%	68%	69%	2019-2022 forecast rates effort increased as reduced grant /other income in forecast figures.
Rates effort Rates compared to property values <i>Rate revenue / Capital improved value of rateable properties in the municipality x100</i>	0.61%	0.65%	0.64%	0.67%	54%	54%	54%	54%	Forecast based on lower CIV than achieved with no growth. Presented in budget without decimal point.

Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
EFFICIENCY									
Expenditure level Expenses per property assessment <i>Total expenses / Number of property assessments</i>	\$4,399	\$3,418	\$3,722	\$3,731	\$3,642	\$3,758	\$3,895	\$3,991	
Revenue level Average residential rate per residential property assessment <i>Residential rate revenue / Number of residential property assessments</i>	\$1,532	\$1,577	\$1,644	\$1,700	\$1,770	\$1,855	\$1,944	\$2,011	Minimal growth factor in residential property assessments
Workforce turnover Resignations and terminations compared to average staff <i>Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year x100</i>	16%	11%	16%	13%	11%	11%	11%	11%	Impacted by organisational review in 2017/18.

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 in paragraphs (a) and (b)

"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 2018

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 27 June 2018 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

Certification of the performance statement

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



Cathy Fitzpatrick, CPA

Principal Accounting Officer
26 September 2018

In our opinion, the accompanying performance statement of the *Benalla Rural City Council* for the year ended 30 June 2018 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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



Peter Davis
Acting Mayor
26 September 2018



Barbara Alexander
Councillor
26 September 2018



Robert Barber
Acting Chief Executive Officer
26 September 2018

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 2018 • sustainable capacity indicators for the year ended 30 June 2018 • service performance indicators for the year ended 30 June 2018 • financial performance indicators for the year ended 30 June 2018 • other information and • the 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 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

MELBOURNE
27 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria

Financial Report

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Certification of the Financial Statements

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



Catherine Fitzpatrick, CPA
Principal Accounting Officer

Date : 26 September 2018
Benalla

In our opinion the accompanying financial statements present fairly the financial transactions of Benalla Rural City Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Acting Mayor Peter Davis
Councillor

Date : 26 September 2018
Benalla



Barbara Alexander
Councillor

Date : 26 September 2018
Benalla



Robert Barber
Acting Chief Executive Officer

Date : 26 September 2018
Benalla

Independent Auditor's Report

To the Councillors of Benalla Rural City Council

Opinion	<p>I have audited the financial report of Benalla Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • 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 • 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 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <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 and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Tim Loughnan

as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Income			
Rates and charges	2.1	16,819	16,261
Statutory fees and fines	2.2	461	363
User fees	2.3	4,053	4,094
Grants - operating	2.4	6,526	8,487
Grants - capital	2.4	1,833	2,661
Contributions - monetary	2.5	298	202
Contributions - non monetary	2.5	24	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	-	3
Other income	2.7	221	173
Total income		30,235	32,244
Expenses			
Employee costs	3.1	11,652	11,348
Materials and services	3.2	12,141	12,404
Depreciation and amortisation	3.3	5,797	4,575
Bad and doubtful debts	3.4	3	-
Borrowing costs	3.5	198	195
Share of net loss High Country Library Corporation	5.2	-	238
Other expenses	3.6	61	954
Total expenses		29,852	29,714
Surplus for the year		383	2,530
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	5.1	27,028	(3,399)
Total comprehensive result		27,411	(869)

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

Balance Sheet As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	3,733	5,805
Trade and other receivables	4.1	2,455	2,247
Other financial assets	4.1	4,275	1,972
Inventories	4.2	33	28
Other assets	4.2	82	101
Total current assets		10,578	10,153
Non-current assets			
Investments in associates	5.2	-	218
Property, infrastructure, plant and equipment	5.1	244,660	210,550
Intangible assets	4.2	825	1,132
Total non-current assets		245,485	211,900
Total assets		256,063	222,053
Liabilities			
Current liabilities			
Trade and other payables	4.3	2,171	2,162
Trust funds and deposits	4.3	829	708
Provisions	4.5	2,494	2,606
Interest-bearing liabilities	4.4	945	973
Total current liabilities		6,439	6,449
Non-current liabilities			
Provisions	4.5	6,866	7,194
Interest-bearing liabilities	4.4	4,281	4,723
Total non-current liabilities		11,147	11,917
Total liabilities		17,586	18,366
Net assets		238,477	203,687
Equity			
Accumulated surplus		139,093	131,416
Reserves	8.1	99,384	72,271
Total Equity		238,477	203,687

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

Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018					
Balance at beginning of the financial year		203,687	131,416	71,844	427
Adjustment on change in accounting policy					
Land under roads	8.4	7,379	7,379	-	-
Surplus for the year		383	383	-	-
Net asset revaluation increment/(decrement)		27,028	-	27,028	-
Transfers to other reserves		-	(85)	-	85
Balance at end of the financial year		238,477	139,093	98,872	512

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		204,556	128,981	75,243	332
Surplus for the year		2,530	2,530	-	-
Net asset revaluation increment/(decrement)		(3,399)	-	(3,399)	-
Transfers to other reserves		-	(95)	-	95
Balance at end of the financial year		203,687	131,416	71,844	427

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 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		16,766	17,279
Statutory fees and fines		463	415
User fees		4,053	3,671
Grants - operating		6,526	8,477
Grants - capital		1,440	2,431
Contributions - monetary		298	202
Interest received		143	84
Net trust funds and deposits received		121	71
Other receipts		339	540
Net GST refund		7	1,181
Employee costs		(11,772)	(10,969)
Materials and services		(12,121)	(15,701)
Other payments		(257)	-
Net cash provided by/(used in) operating activities	8.2	6,006	7,681
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	5.1	(5,107)	(5,047)
Proceeds from sale of property, infrastructure, plant and equipment		-	25
Payments for investments		(2,303)	(617)
Proceeds from sale of investments		-	119
Payments for intangibles	4.2	-	(30)
Net cash provided by/(used in) investing activities		(7,410)	(5,550)
Cash flows from financing activities			
Finance costs		(197)	(195)
Proceeds from borrowings		500	500
Repayment of borrowings		(971)	(1,095)
Net cash provided by/(used in) financing activities		(668)	(790)
Net increase (decrease) in cash and cash equivalents		(2,072)	1,341
Cash and cash equivalents at the beginning of the financial year		5,805	4,464
Cash and cash equivalents at the end of the financial year		3,733	5,805
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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

Statement of Capital Works For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
Property		
Land	172	-
Land improvements	-	59
Total land	<u>172</u>	<u>59</u>
Buildings	-	4
Building improvements	128	163
Total buildings	<u>128</u>	<u>167</u>
Total property	<u>300</u>	<u>226</u>
Plant and equipment		
Art, heritage plant and equipment	-	18
Plant, machinery and equipment	412	446
Fixtures, fittings and furniture	14	130
Computers and telecommunications	201	227
Library books	96	94
Total plant and equipment	<u>723</u>	<u>915</u>
Infrastructure		
Roads	1,695	1,462
Bridges	255	613
Footpaths and cycleways	142	1
Drainage	241	162
Recreational, leisure and community facilities	92	109
Waste management	1,067	25
Parks, open space and streetscapes	39	573
Aerodromes	527	916
Other infrastructure	27	45
Total infrastructure	<u>4,084</u>	<u>3,906</u>
Total capital works expenditure	<u>5,107</u>	<u>5,047</u>
Represented by:		
New asset expenditure	1,518	1,107
Asset renewal expenditure	2,484	2,610
Asset expansion expenditure	-	1,282
Asset upgrade expenditure	1,105	48
Total capital works expenditure	<u>5,107</u>	<u>5,047</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 2018

OVERVIEW

Introduction

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

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of employee provisions (refer to Note 4.5)
- the determination of landfill provisions (refer to Note 4.5)

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

Notes to the Financial Report For the Year Ended 30 June 2018

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on Wednesday 30 August 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Income				
Rates and charges	16,613	16,819	206	1
Statutory fees and fines	350	461	111	2
User fees	3,869	4,053	184	3
Grants - operating	4,111	6,526	2,415	4
Grants - capital	1,728	1,833	105	5
Contributions - monetary	120	298	178	6
Contributions - non monetary	-	24	24	7
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	705	-	(705)	8
Other income	171	221	50	
Total income	27,667	30,235	2,568	
Expenses				
Employee costs	11,695	11,652	43	
Materials and services	11,431	12,141	(710)	9
Bad and doubtful debts	10	3	7	10
Depreciation and amortisation	4,979	5,797	(818)	11
Borrowing costs	197	198	(1)	
Other expenses	367	61	306	12
Total expenses	28,679	29,852	(1,173)	
Surplus/(deficit) for the year	(1,012)	383	1,395	

Notes to the Financial Report For the Year Ended 30 June 2018

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Increases in rates and charges includes revenue in lieu of rates and penalty interest on rates.
2	Statutory fees and fines	Significantly higher Planning fees received due to three large planning development applications in 2017/18.
3	User fees	Increase collections from Compliance registration fees \$70,811, Sale of Steel - Landfill Revenue \$56,440, Art Gallery Shop Sales \$35,723 Airport Hanger License, Leases fees \$22,765.
4	Grants - operating	\$2.1 million in recurrent operational income (Financial Assistance Grants) attributable to the 2018/19 financial year was received in June 2018.
5	Grants - capital	Natural Disaster Funding for 2017 Storm event \$221,000 and Saleyards National Livestock Identification Service Grant \$8,198 not budgeted for.
6	Contributions - monetary	Contributions not budgeted for received for various community events and programs, including Benalla Festival, Benalla Art Gallery, Benalla Performing Arts and Convention Centre, Community Development programs and Developer Open Space contributions.
7	Contributions - non monetary	Donation of art to the Benalla Art Gallery Collection.
8	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The Council did not proceed with disposal of property, infrastructure, plant and equipment in 2017/18.
9	Materials and services	Major variances: Electricity Costs \$101,976, Grader and Truck Hire \$88,000 Advertising Costs \$86,356, Machine Hire Costs \$84,678, Cleaning Expenses \$78,991, Recyclable Acceptance and Sorting \$74,000, Contract Staff costs \$46,546, Natural Disaster 2017 Storm event costs \$279,000, Infrastructure Maintenance Grant Project Building Our Regions Cowan Street Light costs \$33,170.
10	Bad and doubtful debts	Aged outstanding debts continuing to be actioned by debt collection agency.
11	Depreciation and amortisation	Depreciation Bridges \$457,305 higher than budget as a result of revaluation in 2016/17. Library book stock depreciation \$83,395 included as High Country Library Corporation liquidation finalised in 2017/18.
12	Other expenses	Reduced contribution to Provision for Landfill Rehabilitation by \$320,016 as earthworks soil can be sourced from site.

Notes to the Financial Report For the Year Ended 30 June 2018

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Property				
Land	-	172	172	1
Total Land		172	172	
Building improvements	112	128	16	2
Total Buildings	112	128	16	
Total Property	112	300	188	
Plant and Equipment				
Plant, machinery and equipment	505	421	(84)	3
Fixtures, fittings and furniture	24	25	1	
Computers and telecommunications	308	181	(127)	4
Library books	90	96	6	
Total Plant and Equipment	927	723	(204)	
Infrastructure				
Roads	1,916	1,695	(221)	5
Bridges	410	255	(155)	6
Footpaths and cycleways	100	142	42	7
Drainage	308	241	(67)	8
Recreational, leisure and community facilities	68	92	24	9
Waste management	1,625	1,067	(558)	10
Parks, open space and streetscapes	138	39	(99)	11
Aerodromes	1,154	527	(627)	12
Other infrastructure	20	27	7	
Total Infrastructure	5,739	4,084	(1,655)	
Total Capital Works Expenditure	6,778	5,107	(1,671)	
Represented by:				
New asset expenditure	2,187	1,518	(669)	
Asset renewal expenditure	2,958	2,484	(474)	
Asset expansion expenditure	-	-	-	
Asset upgrade expenditure	1,633	1,105	(528)	
Total Capital Works Expenditure	6,778	5,107	(1,671)	

Notes to the Financial Report For the Year Ended 30 June 2018

Note 1 Performance against budget (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Enterprise Park development costs budgeted under drainage \$104,000
2	Building improvements	Boweya Community Centre upgraded \$29,787 partly funded by public contributions and Council not budgeted in 2017/18
3	Plant, machinery and equipment	Grader replacement \$80,000 less than budgeted
4	Computers and telecommunications	Asset Management System procurement yet to be finalised this item will be carried forward to 2018/19
5	Roads	Program delivered with savings directed to additional gravel road grading operational and Enterprise Park land
6	Bridges	Kennedy Creek Culvert project not proceeding due to increased scope costs.
7	Footpaths and cycleways	Additional works undertaken as a result of Pathways to Future Strategy adoption in 2017
8	Drainage	Enterprise Park development costs budgeted under drainage associated work applied to land category \$104,000 refer note 1
9	Recreational, leisure and community facilities	Winton Wetlands Cycle Trail additional works \$25,000
10	Waste management	Construction of Cell 2 - earthworks completed, lining of cell being undertaken in 2018/19
11	Parks, open space and streetscapes	Removal of Benalla Aquatic Centre - decommissioned pool and landscaping of area deferred \$50,000
12	Aerodromes	Benalla Airport Redevelopment realigned taxiways which delayed construction of amenities building and upgrade of power supply \$160,000 construction to occur in 2018/19

Notes to the Financial Report For the Year Ended 30 June 2018

Note 2 Funding for the delivery of our services	2018	2017
2.1 Rates and charges	\$'000	\$'000

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

The valuation base used to calculate general rates for 2017/18 was \$2,492 million (2016/17 \$2.472million).

General Rates	12,019	12,157
Municipal charge	1,771	1,727
Waste management charge	2,446	2,207
Supplementary rates and rate adjustments	100	(367)
Interest on rates and charges	79	66
Revenue in lieu of rates	404	471
Total rates and charges	16,819	16,261

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

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

2.2 Statutory fees and fines

Infringements and costs	27	34
Court recoveries	15	31
Land information certificates	36	38
Permits	383	260
Total statutory fees and fines	461	363

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.

2.3 User fees

Aged and health services	407	409
Leisure centre and recreation	1,230	1,205
Child care/children's programs	2	49
Registration and other permits	222	206
Building services	2	2
Waste management services	2,060	2,079
Other fees and charges	130	144
Total user fees	4,053	4,094

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

Notes to the Financial Report For the Year Ended 30 June 2018

2.4 Funding from other levels of government	2018	2017
Grants were received in respect of the following :	\$'000	\$'000
Summary of grants		
Commonwealth funded grants	6,552	9,442
State funded grants	1,807	1,706
Total grants received	8,359	11,148
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	4,092	5,899
Family day care	-	336
General home care	857	835
<i>Recurrent - State Government</i>		
Aged care	193	190
School crossing supervisors	59	44
Libraries	136	-
Maternal and child health	175	169
Recreation	-	-
Community safety	-	-
Creative Arts Victoria	105	105
Family Support	338	321
Fire Service Property Levy	42	41
Youth Program	25	72
Other	23	180
Total recurrent operating grants	6,045	8,192
<i>Non-recurrent - State Government</i>		
Walk to School Project	10	20
Aged Care	-	15
Youth Programs	57	11
Environmental Projects	51	42
Economic Development Projects	12	7
Emergency Resourcing	-	10
Resilient Communities	44	56
Family Services	158	-
Planning Projects - Living Heritage	18	-
Anzac Centenary Community Grant Program - Devenish Silo Art	12	-
Paid Parental Leave	38	-
Building our Regions _ Street Lighting	33	-
Collection Lab Project	20	-
Pathways to the Future	13	-
Premiers Reading Challenge	9	-
Other	6	134
Total non-recurrent operating grants	481	295
Total operating grants	6,526	8,487

Notes to the Financial Report For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,389	1,541
<i>Recurrent - State Government</i>		
Total recurrent capital grants	<u>1,389</u>	<u>1,541</u>
<i>Non-recurrent - Commonwealth Government</i>		
Roads - National Disaster Relief	-	173
Aerodrome - Benalla Airport	214	658
<i>Non-recurrent - State Government</i>		
Art Gallery - Acquisitions	-	10
Parks, open space and Streetscapes	-	40
National Disaster Recovery	222	-
National Livestock Identification System Program	8	-
Other - Infrastructure	-	239
Total non-recurrent capital grants	<u>444</u>	<u>1,120</u>
Total capital grants	<u><u>1,833</u></u>	<u><u>2,661</u></u>
 (c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	220	751
Received during the financial year and remained unspent at balance date	233	369
Received in prior years and spent during the financial year	220	900
Balance at year end	<u>233</u>	<u>220</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

2.5 Contributions

Monetary	298	202
Non-monetary	24	-
Total contributions	<u>322</u>	<u>202</u>
 <i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Other - Art	24	-
Total non-monetary contributions	<u>24</u>	<u>-</u>

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

Notes to the Financial Report For the Year Ended 30 June 2018

2.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2018	2017
	\$'000	\$'000
Proceeds of sale	-	25
Written down value of assets disposed	-	(22)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	3

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

2.7 Other income

Interest	143	84
Other Diesel rebate	-	42
Other	78	47
Total other income	221	173

Interest is recognised as it is earned.

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

Note 3 The cost of delivering services

3.1 Employee costs

Wages and salaries	10,484	10,101
WorkCover	157	284
Superannuation	940	901
Fringe benefits tax	71	62
Total employee costs	11,652	11,348

(a) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	122	136
	<u>122</u>	<u>136</u>
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	451	411
Employer contributions - other funds	367	354
	<u>818</u>	<u>765</u>
Employer contributions payable at reporting date.	99	65

Refer to note 8.3 for further information relating to Council's superannuation obligations.

Notes to the Financial Report For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
3.2 Materials and services		
Materials and Services	2,609	4,018
Contract Payments	3,906	3,497
Vehicle Expenses	724	1,093
Machine Hire	367	-
Contract Staff	94	341
Consultants General	245	271
Environmental Protection Authority Levy	502	338
Electricity and Utilities	521	377
Exhibition/Performance Costs	55	459
Insurance	382	348
Memberships and Subscriptions	134	117
Repairs & Maintenance	284	151
Advertising and Promotion	156	168
Cleaning Expenses	165	150
Legal Expenses	135	-
Staff and Councillor Training / Courses	98	84
Telephone	192	195
Management Committees	134	129
Write off Work Property Infrastructure Plant and Equipment	131	-
Other	1,307	669
Total materials and services	12,141	12,404

3.3 Depreciation and amortisation

Property	489	487
Plant and equipment	431	331
Infrastructure	4,570	3,752
Total depreciation	5,490	4,570
Intangible assets	307	5
Total depreciation and amortisation	5,797	4,575

Refer to note 4.2(c) and 5.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

3.4 Bad and doubtful debts

Other debtors	3	-
Total bad and doubtful debts	3	-

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Notes to the Financial Report For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
3.5 Borrowing costs		
Interest - Borrowings	198	195
Total borrowing costs	198	195

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.

3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	66	39
Auditors' remuneration - Internal	8	17
Councillors' allowances	193	175
Contributions - Community Support and Events Street Art	88	90
Contributions - Street Art	15	13
Contributions - High Country Library Corporation	11	8
Contributions - State Emergency Service	-	13
Impairment write-down footpath and cycleways	-	507
Recognition of additional / (reduction) landfill rehabilitation provision	(320)	185
Increase in the discounted amount arising because of time and the effect of any change in the discount rate landfill rehabilitation provision	-	(93)
Total other expenses	61	954

Note 4 Our financial position

4.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	4	3
Cash at bank	3,729	5,689
Term deposits	-	113
Total cash and cash equivalents	3,733	5,805

(b) Other financial assets

Term deposits - current	4,275	1,972
Total other financial assets	4,275	1,972
Total financial assets	8,008	7,777

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

- Trust funds and deposits (Note 4.3)	829	708
Total restricted funds	829	708
Total unrestricted cash and cash equivalents	2,904	5,097

Intended allocations

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

- Cash held to fund carried forward capital works	939	1,939
- Unexpended Grants (Note 2.4(c))	233	220
Total funds subject to intended allocations	1,172	2,159

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

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

Notes to the Financial Report For the Year Ended 30 June 2018

4.1 Financial assets (cont.)

	2018 \$'000	2017 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Grants receivable	256	140
GST - BAS refunds	99	114
Other	22	5
Rates debtors	1,000	946
<i>Non statutory receivables</i>		
Other debtors	1,102	1,069
Provision for doubtful debts - other debtors	(24)	(27)
Total current trade and other receivables	<u>2,455</u>	<u>2,247</u>

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 & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	401	465
Past due by up to 30 days	52	280
Past due between 31 and 180 days	458	263
Past due between 181 and 365 days	31	4
Past due by more than 1 year	136	29
Total trade & other receivables	<u>1,078</u>	<u>1,042</u>

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$24,000 (2017: \$27,000) were impaired. The amount of the provision raised against these debtors was \$24,000 (2017: \$27,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	(24)	(27)
Total trade & other receivables	<u>(24)</u>	<u>(27)</u>

Notes to the Financial Report For the Year Ended 30 June 2018

4.2 Non-financial assets

	2018 \$'000	2017 \$'000
(a) Inventories		
Inventories held for distribution	33	28
Total inventories	33	28

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	82	101
Total other assets	82	101

(c) Intangible assets

Software	4	30
Landfill air space	821	1,102
Total intangible assets	825	1,132

	Software \$'000	Landfill \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2017	35	1,407	1,442
Additions from internal developments	-	-	-
Other Additions	-	-	-
Balance at 1 July 2018	35	1,407	1,442
Accumulated amortisation and impairment			
Balance at 1 July 2017	5	305	310
Amortisation expense	26	281	307
Balance at 1 July 2018	31	586	617
Net book value at 30 June 2017	30	1,102	1,132
Net book value at 30 June 2018	4	821	825

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 2018

	2018 \$'000	2017 \$'000
4.3 Payables		
(a) Trade and other payables		
Trade payables	1,972	1,850
Accrued expenses	199	312
Total trade and other payables	2,171	2,162
(b) Trust funds and deposits		
Refundable deposits	298	247
Retention amounts	84	27
Other refundable deposits	447	434
Total trust funds and deposits	829	708

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

Purpose and nature of items

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

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

	2018 \$'000	2017 \$'000
4.4 Interest-bearing liabilities		
Current		
Borrowings - secured	945	973
	945	973
Non-current		
Borrowings - secured	4,281	4,723
	4,281	4,723
Total	5,226	5,696

(1) Borrowings are secured by a charge over general rates

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

Not later than one year	945	973
Later than one year and not later than five years	3,282	3,258
Later than five years	999	1,465
	5,226	5,696

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

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

Notes to the Financial Report For the Year Ended 30 June 2018

4.5 Provisions

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
2018			
Balance at beginning of the financial year	2,880	6,921	9,801
Additional provisions	887	(553)	334
Amounts used	(1,007)	-	(1,007)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(1)	233	232
Balance at the end of the financial year	2,759	6,601	9,360

2017			
Balance at beginning of the financial year	2,835	6,829	9,664
Additional provisions	1,012	185	1,197
Amounts used	(902)	-	(902)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(65)	(93)	(158)
Balance at the end of the financial year	2,880	6,921	9,801

(a) Employee provisions

Current provisions expected to be wholly settled within 12 months

Annual leave	875	917
Long service leave	206	167
	1,081	1,084

Current provisions expected to be wholly settled after 12 months

Long service leave	1,413	1,522
	1,413	1,522
Total current employee provisions	2,494	2,606

Non-current

Long service leave	265	273
Total non-current employee provisions	265	273
Aggregate carrying amount of employee provisions:		
Current	2,494	2,606
Non-current	265	273
Total aggregate carrying amount of employee provisions	2,759	2,879

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

Wages and salaries and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability.

Key assumptions:

- weighted average increase in employee cost	3.14%	2.56%
- weighted average discount rates	2.47%	2.54%

Notes to the Financial Report For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
(b) Landfill restoration		
Non-current	6,601	6,921
	6,601	6,921

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

Key assumptions:

- inflation rate	2.20%	1.95%
- settlement rate	30 years	30 years
- weighted average discount rate	2.53%	2.52%

4.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2018

Credit card facilities	100	100
Fixed Rate Loan facilities	5,226	5,696
Total facilities	5,326	5,796
Used facilities	5,246	5,716
Unused facilities	80	80

Notes to the Financial Report For the Year Ended 30 June 2018

4.7 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.

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

2017	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Recycling	218	31	83	-	332
Garbage collection	1,500	1,500	4,500	3,000	10,500
Organics	170	-	-	-	170
YMCA Benalla Aquatic Centre	120	120	120	-	360
Consultancies	122	-	-	-	122
Cleaning contracts for council buildings	120	120	-	-	240
Meals for delivery	100	24	-	-	124
Total	2,350	1,795	4,703	3,000	11,848
Capital					
Roads	48	-	-	-	48
Aerodrome	10	-	-	-	10
Total	58	-	-	-	58

	2018 \$'000	2017 \$'000
Operating lease commitments		

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

Not later than one year	571	158
Later than one year and not later than five years	410	236
Later than five years	-	-
	981	394

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

Notes to the Financial Report For the Year Ended 30 June 2018

Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	Additions	Adjustment on change in accounting policy	Transfer from associate on liquidation	Contributions	Revaluation	Depreciation	Write-off	Transfers	At Fair Value 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	50,724	300	7,379	-	-	-	(489)	(70)	64	57,908
Plant, equipment and art	15,065	723	-	193	24	-	(431)	-	34	15,608
Infrastructure	143,968	3,012	-	-	-	27,028	(4,570)	(61)	695	170,072
Work in progress	793	1,072	-	-	-	-	-	-	(793)	1,072
	210,550	5,107	7,379	193	24	27,028	(5,490)	(131)	-	244,660

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	64	-	(64)	-
Plant and equipment and art	34	-	(34)	-
Infrastructure	695	1,072	(695)	1,072
Total	793	1,072	(793)	1,072

Notes to the Financial Report For the Year Ended 30 June 2018

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Land & land improvements		
land	-	-
land improvements	60 - 100 years	5
Buildings		
buildings	60 - 100 years	5
building and leasehold improvements	60 - 100 years	1
Plant and Equipment		
art works	-	-
heritage plant and equipment	4 - 33 years	-
plant, machinery and equipment	4 - 33 years	5
library stock	1 - 10 years	-
others	4 - 33 years	1
Infrastructure		
roads - pavements, substructure, formation and earthworks	15 - 200 years	5
roads - kerb, channel and minor culverts and other	80 - 100 years	5
bridges - deck and substructure	80 - 100 years	5
bridges - others	80 - 100 years	5
aerodromes	80 - 100 years	5
others	80 - 100 years	5
Intangible assets	1 - 10 years	5

**Notes to the Financial Report
For the Year Ended 30 June 2018**

(a) Property

	Land - specialised	Land - non specialised	Land - under roads	Total Land & Land Improvements	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	18,347	9,756	-	28,103	38,260	1,215	39,475	64	67,642
Accumulated depreciation at 1 July 2017	-	-	-	-	(16,205)	(649)	16,854	-	(16,854)
	18,347	9,756	-	28,103	22,055	566	22,621	64	50,788
Movements in fair value									
Additions	-	172	-	172	128	-	128		300
Adjustment on change in accounting policy	-	-	7,379	7,379	-	-	-		7,379
Write-off	-	-	-	-	(192)	-	(192)	-	(192)
Transfers	5	59	-	64	-	-	-	(64)	-
	5	231	7,379	7,615	(64)	-	(64)	(64)	7,487
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(471)	(18)	(489)	-	(489)
Write-off	-	-	-	-	122	-	122	-	122
	-	-	-	-	(349)	(18)	(123)	-	(367)
At fair value 30 June 2018	18,352	9,987	7,379	35,718	38,196	1,215	39,411	-	75,129
Accumulated depreciation at 30 June 2018	-	-	-	-	(16,554)	(667)	(17,221)	-	(17,221)
	18,352	9,987	7,379	35,718	21,642	548	22,190	-	57,908

Notes to the Financial Report For the Year Ended 30 June 2018

(b) Plant and Equipment

	Art Works	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books at cost	Total plant and equipment	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	13,326	2,861	2,054	305	94	18,640	34	18,674
Accumulated depreciation at 1 July 2017	-	(1,922)	(1,597)	(48)	(8)	(3,575)	-	(3,575)
	13,326	939	457	257	86	15,065	34	15,099
Movements in fair value								
Additions	-	412	14	201	96	723		723
Investment Transfer	-	-	-	-	642	642	-	642
Contributions	24	-	-	-	-	24	-	24
Transfers	-	-	34	-	-	34	(34)	-
	24	412	48	201	738	1,423	(34)	1,389
Movements in accumulated depreciation								
Investment Transfer	-	-	-	-	(449)	(449)	-	(449)
Depreciation and amortisation	-	(109)	(109)	(130)	(83)	(431)	-	(431)
	-	(109)	(109)	(130)	(532)	(880)	-	(880)
At fair value 30 June 2018	13,350	3,273	2,102	506	832	20,063	-	20,063
Accumulated depreciation at 30 June 2018	-	(2,031)	(1,706)	(178)	(540)	(4,455)	-	(4,455)
	13,350	1,242	396	328	292	15,608	-	15,608

Notes to the Financial Report For the Year Ended 30 June 2018

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	180,700	39,891.00	6,204	21,667	239	3,184	625	850	38	24	695	254,117
Accumulated depreciation at 1 July 2017	(77,273)	(20,945)	(3,306)	(6,602)	-	(1,328)	-	-	-	-	-	(109,454)
	103,427	18,946	2,898	15,065	239	1,856	625	850	38	24	695	144,663
Movements in fair value												
Additions	1,694	255	142	241	92	-	39	522	-	27	1,072	4,084
Revaluation	19,415	-	1,258	(1,716)	-	-	-	-	-	-	-	18,957
Write-off	(36)	-	-	-	-	(25)	-	-	-	-	-	(61)
Transfers	247	-	2	181	-	25	17	223	-	-	(695)	-
	21,320	255	1,402	(1,294)	92	-	56	745	-	27	377	22,980
Movements in accumulated depreciation												
Depreciation and amortisation	(2,797)	(467)	(124)	(203)	(22)	(771)	(51)	(106)	(3)	(26)	-	(4,570)
Revaluation	7,965	-	(472)	578	-	-	-	-	-	-	-	8,071
	5,168	(467)	(596)	375	(22)	(771)	(51)	(106)	(3)	(26)	-	3,501
At fair value 30 June 2018	202,020	40,146	7,606	20,373	331	3,184	681	1,595	38	51	1,072	277,097
Accumulated depreciation at 30 June 2018	(72,105)	(21,412)	(3,902)	(6,227)	(22)	(2,099)	(51)	(106)	(3)	(26)	-	(105,953)
	129,915	18,734	3,704	14,146	309	1,085	630	1,489	35	25	1,072	171,144

Notes to the Financial Report For the Year Ended 30 June 2018

5.1 (d) Property, infrastructure, plant and equipment

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.

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

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

Repairs and maintenance

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

Valuation of artworks

Valuation of artwork assets has been determined in accordance with an independent valuation undertaken by Warren Joel, Certified Practising Valuer No. 408, of Byjoel Valuations. The date of the valuation was 20 May 2014.

Non-specialised artworks are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3
Artworks	-	13,350	-
Total	-	13,350	-

Valuation of land and buildings

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2018

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Land non specialised	-	9,987	-	Jun-16
Specialised land	-	-	18,352	Jun-16
Land under roads	-	-	7,379	Jun-18
Buildings	-	548	21,642	Jun-16
Total	-	10,535	47,373	

Valuation of infrastructure

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	129,915	Jun-18
Bridges	-	-	18,734	Jun-17
Footpaths and cycleways	-	-	3,704	Jun-18
Drainage	-	-	14,146	Jun-18
Recreational, leisure and community facilities	-	-	309	Jun-16
Waste management	-	-	1,085	Jun-17
Parks, open space and streetscapes	-	-	630	Jun-16
Aerodromes	-	-	1,489	Jun-16
Other infrastructure	-	-	60	Jun-16
Total	-	-	170,173	

Description of significant unobservable inputs into level 3 valuations

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

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$2,400 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 60 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land under roads	7,379	-
Parks and reserves	18,347	18,347
Total specialised land	25,726	18,347

Notes to the Financial Report For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
5.2 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
Investments in associates accounted for by the equity method are:		
- High Country Library Corporation	-	218
High Country Library Corporation -		
<i>Background</i>		
Council's equity in the High Country Library Corporation was liquidated in November 2017.		
Fair value of Council's investment in High Country Library Corporation	<u>-</u>	<u>218</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	34	272
Reported surplus(deficit) for year	-	(238)
Transfer (to) from reserves	(19)	-
Distributions for the year	(15)	-
Council's share of accumulated surplus(deficit) at end of year	<u>-</u>	<u>34</u>
Council's share of reserves		
Council's share of reserves at start of year	-	184
Transfers (to) from reserves	-	(184)
Council's share of reserves at end of year	<u>-</u>	<u>-</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	218	456
Share of surplus(deficit) for year	-	(238)
Share of asset revaluation	-	-
Distributions received	(218)	-
Carrying value of investment at end of year	<u>-</u>	<u>218</u>

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

Committees of management

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

Notes to the Financial Report For the Year Ended 30 June 2018

Note 6 People and relationships	2018 No.	2017 No.
6.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
Benalla Rural City Council		
<i>Associates</i>		
Interests in associates are detailed in Note 5.2.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Councillor Don Firth (Mayor) (Oct 2016 - 30 June 2018)	1	1
Councillor Barbara Alexander AO (July 2016 - 30 June 2018)	1	1
Councillor Danny Claridge (Oct 2016 - 30 June 2018)	1	1
Councillor Peter Davis (July 2016 - 30 June 2018)	1	1
Councillor Bernie Hearn (Oct 2016 - 30 June 2018)	1	1
Councillor Scott Upston (Oct 2016 - 30 June 2018)	1	1
Councillor Willie van Wersch (Oct 2016 - 30 June 2018)	1	1
Councillor Justin King (Mayor) (July 2016 - Oct 2016)	-	1
Councillor Ellen Crocker (July 2016 - Oct 2016)	-	1
Councillor Suzy Martin (July 2016 - July 2016)	-	1
Councillor Margaret Richards OAM (July 2016 - Oct 2016)	-	1
Councillor Andrew Vale (July 2016 - Oct 2016)	-	1
Total Number of Councillors	7	12
Chief Executive Officer and other Key Management Personnel	3	3
Total Key Management Personnel	10	15
(c) Remuneration of Key Management Personnel		
	\$'000	\$'000
Total remuneration of key management personnel was as follows		
Short-term benefits	713	678
Long-term benefits	19	14
Termination benefits	128	41
Total	860	733
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	No.	No.
\$1 - \$9,999	-	4
\$10,000 - \$19,999	6	7
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$220,000 - \$229,999	1	1
\$260,000 - \$269,000	1	-
	10	15

Notes to the Financial Report For the Year Ended 30 June 2018

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000

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

Income Range:

\$110,000 - \$119,999

\$140,000 - \$149,999

1	-
1	1
<u>2</u>	<u>1</u>
\$'000	\$'000
261,788	142,800

Total Remuneration for the reporting year for Senior Officers included above, amounted to

6.2 Related party disclosure

(a) Transactions with related parties

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

Councillor Peter Davis is the owner of Peter Davis Rural which supplies rural merchandise. Council entered into transactions totalling \$475 (2017:\$275) on terms and conditions no more favourable than those available in similar arm's length dealings.

(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 2018

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Council has no contingent liabilities as at 30 June 2018 (2017: Nil)

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Future superannuation contributions

In addition to the disclosed contributions, Benalla Rural City Council has paid unfunded liability payments to Vision Super of nil (2016/17 Nil). There were \$.099m contributions outstanding to the above schemes as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$.062m.

Bank Guarantees

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

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

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.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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

Notes to the Financial Report For the Year Ended 30 June 2018

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Financial Instruments - Disclosures (AASB 7) (applies 2018/19)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018/19)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

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

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-

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

Leases (AASB 16) (applies 2019/20)

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2018

7.3 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 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. 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 7.1(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 2018

Note 7 Managing uncertainties (cont'd)

(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 7.1(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,

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 4.4.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 1.31%.

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.

7.4 Fair value measurement

Fair value hierarchy

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

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

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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.

Notes to the Financial Report For the Year Ended 30 June 2018

Revaluation

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

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

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

7.5 Events occurring after balance date

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

Notes to the Financial Report For the Year Ended 30 June 2018

Note 8 Other matters

8.1 Reserves

(a) Asset revaluation reserves

2018

Property

Land & land improvements

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Waste management

Art works

Total asset revaluation reserves

2017

Property

Land & land improvements

Buildings

Infrastructure

Roads

Bridges

Footpaths and cycleways

Drainage

Waste management

Art works

Total asset revaluation reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2018			
Property			
Land & land improvements	20,238	-	20,238
Buildings	5,710	-	5,710
	25,948	-	25,948
Infrastructure			
Roads	33,173	27,380	60,553
Bridges	5,065	-	5,065
Footpaths and cycleways	-	786	786
Drainage	2,207	(1,138)	1,069
Waste management	1,102	-	1,102
Art works	4,349	-	4,349
	45,896	27,028	72,924
Total asset revaluation reserves	71,844	27,028	98,872
2017			
Property			
Land & land improvements	20,238	-	20,238
Buildings	5,710	-	5,710
	25,948	-	25,948
Infrastructure			
Roads	43,215	(10,042)	33,173
Bridges	969	4,096	5,065
Footpaths and cycleways	313	(313)	-
Drainage	449	1,758	2,207
Waste management	-	1,102	1,102
Art works	4,349	-	4,349
	49,295	(3,399)	45,896
Total asset revaluation reserves	75,243	(3,399)	71,844

Notes to the Financial Report For the Year Ended 30 June 2018

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves			
2018			
Resort and Recreation	60	15	75
Winton Land	10	-	10
Benalla Urban Grown Headworks Charge	78	-	78
Lake Mokoan Inlet Channel	279	70	349
Total Other reserves	427	85	512
2017			
Resort and Recreation	34	26	60
Winton Land	10	-	10
Benalla Urban Grown Headworks Charge	78	-	78
Lake Mokoan Inlet Channel	210	69	279
Total Other reserves	332	95	427

Reserve Nature and Purpose

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

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

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

Lake Mokoan Inlet Channel A reserve of \$69,500 is to be made annually over the next 6 years to re-instate the compensation of \$695,000 received from Goulburn Murray Water in relation to the transfer of assets of the decommissioned Lake Mokoan Inlet Channel. The funding received under the terms of the agreement was to compensate the Council for the ongoing renewal of these assets and was not restricted.

Notes to the Financial Report For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	383	2,530
Depreciation/amortisation	5,797	4,575
Profit/(loss) on disposal of property, infrastructure, plant and equipment	-	(3)
Impairment losses	-	507
Share of net loss High Country Library Corporation	-	238
Contributions - Non-monetary assets	(25)	-
Other	198	222
Asset write-off	132	-
Distribution by High Country Library Corporation	25	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(208)	(257)
(Increase)/Decrease in prepayments	19	(47)
Increase/(decrease) in trade and other payables	9	(330)
(Decrease)/increase in other liabilities	121	-
(Increase)/decrease in inventories	(5)	10
Increase/(Decrease) in provisions	(440)	236
Net cash provided by/(used in) operating activities	6,006	7,681

8.3 Superannuation

Council makes 55.1% of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive 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 2018, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Notes to the Financial Report For the Year Ended 30 June 2018

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.

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa

Salary information 3.5% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2018 was 106.0%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 triennial 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 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Notes to the Financial Report For the Year Ended 30 June 2018

2017 triennial actuarial investigation surplus amounts

The Fund's triennial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 million.

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 2017. Council was notified of the 30 June 2017 VBI during August 2017.

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.

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 the investigation date.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.

8.4 Change in Accounting Policy

	2018	2017
	\$'000	\$'000
Adjustment arising from recognising land under roads	7,379	-

Council is recognising land under roads in the 2017-18 Financial year. The initial recognition of land under roads is recognised as an adjustment to Council's accumulated surplus in 2017-18.

Land under roads 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 entitlement of infrastructure assets and services.

The effect of Council recognising land under roads is an increase to the opening balance of accumulated surplus of \$7,379,257 and increase property, infrastructure, plant and equipment of \$7,379,257.



Benalla Rural City Council

PO Box 227, Benalla VIC 3671

T. 03 5760 2600

F. 03 5762 5537

E. council@benalla.vic.gov.au

www.benalla.vic.gov.au