



# **Rural Councils Victoria** Annual Report 2018-19

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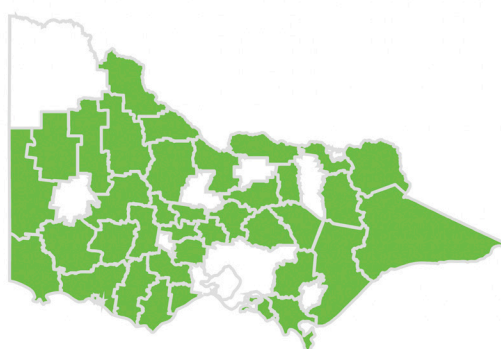
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## **Rural Councils Victoria**

PO Box 102  
Tallangatta VIC 3700

(02) 6071 5100

[secretariat@ruralcouncilsvictoria.org.au](mailto:secretariat@ruralcouncilsvictoria.org.au)



# About RCV

Rural Councils Victoria (RCV) represents Victoria's rural councils, supporting and promoting sustainable, liveable, prosperous rural communities.

We believe that liveable, sustainable and prosperous rural communities are fundamental to the ongoing success of Victoria.

Representing the 1 in 9 Victorians who live in rural communities, RCV has 37 member councils right across the state.

In Victoria, 38 of the 79 councils are classified as 'rural'. Victoria's rural councils are responsible for 79 per cent of Victoria's land area (June 2011), and have a combined population of approximately 745,000 people (Census 2016). Our rural areas and communities are critical to the liveability of Victoria. They are also key to a thriving state economy.

## We work to:

- Heighten awareness and understanding of issues that impact on rural communities
- Use policy, strategy, advocacy and evidence-based research to secure better outcomes for rural councils and in turn, for the whole of Victoria
- Promote a collective voice and act as an

avenue of communication and liaison between our member councils and state and federal governments

- Enable local solutions and facilitate networking, learning and external communication
- Contribute to the development of evidence-based policy and strategy
- Build the resilience and capacity of councils to support economic development and increase the sustainability of rural communities
- Develop strategies and initiatives to improve the attraction and retention of residents and businesses to rural areas
- Assist with building the capacity of rural councils to meet the challenges they face.

## RCV's activities fall into two main categories:

- advocating for the needs of member councils, and supporting the growth and development of member councils and their communities.
- Together, these activities help us work towards a sustainable, liveable future for rural Victorians.





# Chair's message

It has always been true that we live in a time of change. It is also true that the pace of change has never been greater.

Technology is changing the way we participate in work, our means of agricultural production and manufacturing and communication.

We are living longer and consequently seeing ageing populations reshape our economies and our politics.

Generational shifts are bringing significant changes in consumer behaviour, work, identity and community.

As the rate of change continues to accelerate, we're seeing vastly different economic circumstances in Australia's major cities compared with the rest of the country – and increasing concerns about a two-speed economy that risks a significant number of Australians being left behind.

These factors are impacting rural Victoria in a real way – and they are the tip of the iceberg.

These forces are catalysing changes in policy as we struggle to keep up with this rapidly shifting landscape.

The State Government is reimagining investment and policy to better unlock opportunities for regional and rural communities to thrive.

The Local Government Rating System Review process is an opportunity to consider the equity equation for our state-wide rating system.

The 2019 Local Government Bill reminds us how much times have changed since the 1989 Act was enacted.

And Rural Councils Victoria is at the table for all of these important conversations, advocating clearly and consistently for the needs of our

member councils, and articulating an exciting vision for the communities we serve.

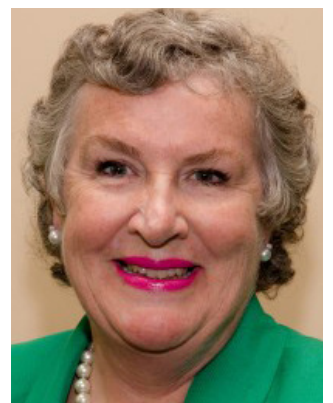
Because the one thing that doesn't change, is what we are striving for. And that is:

## **Liveable, sustainable, prosperous communities.**

Even as things become more complex, the simple fact remains. We all want to live in thriving communities. We want work, health and educational opportunities close to home. We want our families to have a positive future.

And we want these things in rural Victoria.

Cr Mary-Ann Brown  
Chair  
Rural Councils Victoria



# RCV Committee

## Rural North West Region



**Cr Rob Gersch**  
Councillor, Hindmarsh  
Shire Council



**Mr Michael Bailey**  
CEO, Northern  
Grampians Shire Council

## Rural North East



**Cr Jenny O'Connor**  
Councillor, Indigo Shire  
Council (**Deputy Chair**)



**Ms Juliana Phelps**  
CEO, Towong Shire  
Council (**Secretary**)

## Rural South Central Region



**Cr Robert Vance**  
Mayor, Pyrenees Shire  
Council



**Mr Lenny Jenner**  
CEO, Borough of  
Queenscliffe

## Rural North Central



**Cr Gavan Holt**  
Councillor, Loddon Shire  
Council



**Mr Jason Russell**  
CEO, Campaspe Shire  
Council (to 12 April 2019)

## Rural South West



**Cr Mary-Ann Brown**  
Mayor, Southern  
Grampians Shire (**Chair**)



**Mr Andrew Mason**  
CEO, Corangamite Shire  
Council (**Treasurer**)

## About the Committee

The Committee is made up of an elected official and a CEO from each of the six rural regions as designated by the Municipal Association of Victoria.

## Committee changes

*This year we farewelled:*

**Mr Jason Russell**  
Former CEO, Campaspe  
Shire

**Cr Aaron Brown**  
Former Councillor, South  
Gippsland Shire

**Mr Gary Gaffney**  
Former CEO, East  
Gippsland Shire

*This year we welcomed:*

**Mr David Morcom**  
CEO, Wellington Shire

## Gippsland Region



**Cr Aaron Brown**  
Fmr Councillor, South  
Gippsland (to 19 Jun 19)



**Mr Gary Gaffney**  
Fmr CEO, East Gippsland  
Shire (to 9 Nov 2018)



**Mr David Morcom**  
CEO, Wellington Shire  
(from 18 January 2019)

# Issues and advocacy

In the past year, **Rural Councils Victoria (RCV)** has worked consistently and hard on behalf of rural communities and rural councils right across the state.

This work included commissioning research to help decision makers better understand the needs of rural communities, advocating for these needs through election processes, and submissions highlighting rural Victoria's priorities as part of Federal and State budget processes. Highlights are included below:

## Population Growth in Rural Victoria: Opportunities and Actions

We commissioned an independent report into population levels in rural Victoria which confirms that, while Victoria's population is growing rapidly, this growth isn't occurring evenly. Melbourne is adding more than 2,400 new residents every week, but parts of rural Victoria are experiencing population stagnation and decline. This uneven growth brings a range of problems to rural Victoria, including worker shortages, the decline of small towns and a loss of important communities.

## Local Government Bill 2019 submission

RCV made a submission to the Victorian Local Government Minister on the Local Government Bill 2019 calling for explicit powers for the Minister to make determinations on the governance of rural councils that reflect their needs and benefit the unique interests of rural communities.

## 2019/20 Federal Budget submission

In cooperation with community groups, local businesses and our 37 member councils, Rural Councils Victoria delivered five priorities for the 2019/20 Federal Budget that get to the heart of what rural communities need – liveability, sustainability, economic growth and effective service delivery. The priorities were: improved funding for roads and road safety, redevelopment of main streets in rural towns, improved funding so councils can serve

their communities better, removal of mobile blackspots to support emergency services and rural businesses, and continuation of the Building Better Regions Fund so rural areas can compete on a level playing field.

## 2019/20 State Budget submission

For the Victorian budget, RCV identified key investments that will bring a larger share of population and economic growth to rural Victoria. We asked for investments in two areas that will unleash rural Victoria's potential: improving the sustainability of rural councils, and investing in stronger rural communities.

## 2019 Federal Election Platform

RCV advocated strongly for the interests of rural communities, telling federal candidates from all parties that while major cities are increasing in size and wealth, rural communities are falling behind. The Federal Election Platform underlined the five priorities we brought to the attention of the federal Treasurer and The Treasury in our budget submission.

## 2019 State Election Platform

RCV advocated strongly for the promotion of sustainable, liveable and prosperous rural communities in the state election. Our platform identified seven ways in which the Victorian Government could help local councils ensure communities got the support they need.

## Read more:

**Visit:** [ruralcouncilsvictoria.org.au/advocacy](https://ruralcouncilsvictoria.org.au/advocacy) for more details



# Rural jobs: create & retain

Rural Councils Victoria (RCV) member councils know that a single additional job in a rural location has a significant impact. Each job is a wage spent in local businesses, services and community facilities. This spending has a significant flow-on effect and has the potential to unlock investment and lead to the creation of additional new jobs.

## Research findings

RCV commissioned Crowe Horwath to complete an **Economic Impact Assessment of the Creation and Retention of Rural Jobs** to understand just how much economic benefit a single job brings to these communities.

This research shows that the impact of job creation and retention in smaller rural communities has a much higher value than in larger population centres.

It found that in **moderately-sized towns of between 5,000 and 50,000** residents, each job has a broader **economic impact eight times greater** than in larger population centres.

The **trend becomes clearest in small towns**, which see an **economic benefit 32 times greater** when a job is created there instead of in a regional city. Rural towns with fewer jobs tend to see the greatest overall impacts from the creation of a new job.

While individual job creation may be a drop in the ocean in large cities, in rural communities, the roll-on-effect of wages and the spending created has an exponential impact.

## Community benefits

Increasing the number of jobs in a community is closely correlated with higher consumer spending, better health outcomes, economic growth, and more available capital for investment. Earning steady pay allows employees to pay down existing debts and improve their financial health.

RCV believes that a rural jobs creation policy

would allow programs to take advantage of these local economic multipliers. By focusing on how investment could benefit entire communities, job creation programs could ensure funding benefits not just individual workers, but small businesses and economies throughout rural Victoria.

## Education pays off

While the economic returns per job in rural Victoria are greater than in cities, they could be even better.

Standing in the way of even greater benefits is a lack of education and training in key areas. Generally, rural and regional towns have higher levels of low-skilled workers and are more dependent on a small number of industries. Greater **investment in delivering education and training services to rural Victorians** would go some way to rectifying these problems, allowing the economic benefits of job creation to spread even further within rural communities.

A Victorian Government rural jobs policy should prioritise the delivery of education and training to these communities who stand to benefit in material ways. With effective training programs alongside job-creation initiatives, the return on investment financially and socially would be even greater.

## Read more:

**Visit:** [ruralcouncilsvictoria.org.au/communities](https://ruralcouncilsvictoria.org.au/communities) for more details

# Older Persons Services

Rural Councils Victoria (RCV) commissioned research into **Older Persons Services and Accommodation** to support older people to age in their communities and to assess the resulting economic benefits. This research outlines a number of opportunities for member councils to maximise economic outcomes and community benefits.

## Age friendly communities

Retention and attraction of the older population with **consequent economic benefits** can be greatly enhanced by maximising age friendly strategies.

### Recommendations

- Future state government support for age friendly initiatives should place emphasis on developing and embedding ongoing age friendly plans or strategies as specific outcomes
- Age friendly plans / strategies should link to council budgeting processes so that age friendly priorities can be considered in the budget cycle
- Effort be made to “demystify” age friendly planning and offer simplified strategies for smaller councils

## Housing

Data suggests a growing shortfall of age-specific housing in rural communities. Limited information was available to establish likely demand.

### Recommendations

- Identify local age specific housing so that likely demand can be calculated and suitable sites identified
- Offer development facilitation and use promotion pathways established by this project

## Care at home

Demand for care at home is likely to increase substantially in almost all rural areas. Increasing demand will occur for Commonwealth Home Support Program services, there is likely to be an accelerated increase in demand for Home Care Packages due to the phasing-in of higher provision ratios by the Commonwealth.

A nearly 130% growth in rural home care places is predicted by 2031. Meeting growth alone will create a \$92.4m annual economic and employment boost.

### Recommendations

- Efforts be made to raise awareness of Home Care Packages as alternative to residential care
- Liaise with local Home Care Package providers to highlight the demand
- Consider facilitation of local provider presence (e.g. office space) in return for commitment to wide service coverage

## Residential aged care

Additional Victorian residential aged care rural demand amounts to about 3,600 beds by 2031. A capital investment of around \$900 million is needed with an additional 3,500 new jobs.

This is the largest known development opportunity likely across rural Victoria.

### Recommendations

- Approach local residential care providers and the peak body, Living Age Services Australia (LASA), to alert them to demographic demand analysis and to help encourage investment
- Provide documented evidence to the State Government to alert them to pending unmet demand and seek appropriate responses

## Read more:

**Visit:** [ruralcouncilsvictoria.org.au/communities](http://ruralcouncilsvictoria.org.au/communities) for more details



# Rural investment

Rural Councils Victoria's **Investment Attraction Program** is focused on maximising member councils' capacity to identify, promote and facilitate significant private sector investment opportunities in rural Victoria. This will be achieved through a collaborative approach across RCV member councils to present an attractive scale of investment to the private sector.

## Analysing existing practices

To ensure efforts to improve member councils' capacity could be optimised, initial stages of the Investment Attraction Program focused on identifying current investment attraction related activities and process across the RCV council network.

This included a review of member councils' Economic Development Strategies and feedback gathered via a series of workshops (attended by 32 of 37 member councils) and a number of surveys.

It also incorporated feedback from Regional Development Victoria (RDV) and the private sector.

Analysis highlighted that:

- **A small number** of councils were attempting **a strategic and structured approach** to investment attraction
- **The majority** of councils were attempting **some form of investment promotion and attraction**
- **A third** of councils noted they were **not actively undertaking** any investment attraction

The work also highlighted a number of key barriers including skill gaps in investment attraction, gaps in internal processes, the need for collaboration with other councils, and the desire for more support from the State Government.

## Clear needs

Responding to the analysis of existing practices, RCV has now identified the areas of need to support investment attraction efforts. These areas will be the focus of the final stages of the Investment Attraction Program and will include skill development in:

- Mapping assets and opportunities
- A clear value proposition
- Identifying and engaging with investors
- Collaboration and facilitation

## Next steps

RCV will be delivering a series of workshops for member councils to build skills, understanding and collaboration in investment attraction. These sessions will aim to embed leading practices in our member councils and highlight opportunities for further improvement.

The one-day workshops will include:

- Building an understanding of the key areas required to enable effective investment attraction
- Opportunities for councils to share their experiences
- Identification of opportunities for collaboration between councils
- Development of an Investment Attraction Action Plan that meets the particular needs of each council

# Rural Promotion Program

The LiveCountry campaign developed for RCV's Rural Promotion Program has established a new benchmark for campaigns designed to encourage people to move to rural Victoria.

For more than a decade, statewide campaigns encouraging **people from Melbourne to move to the country** have been met with limited success. The Rural Promotion Program, delivered by Shepparton marketing consultancy Twig Marketing **adopted a new approach** to encourage people to make the move to rural Victoria.

With the aim of uncovering new insights to improve the success of the campaign and also provide direct benefits to member councils, the project began with **extensive market research** – delivering new insights into the types of people likely to move, key drivers for deciding to move, issues with past campaigns and barriers to moving.

People interested in moving told us that they wanted **information about jobs, education and healthcare** relevant to specific areas that they were considering moving to – and they wanted the facts about day-to-day life, not just general information about recreation.

A campaign strategy was crafted around these key ingredients for success, and the team set about visiting all RCV member councils to gather stories and key facts that would be relevant to people seeking to move.

The LiveCountry campaign achieved a reach of more than 361,500 people, with more than 13,900 engagements on Facebook and a growing following of more than 600 people on Instagram both driving strong web traffic. Campaigns achieved an average click through rate (CTR) of 4.9%, which is well above industry average – ensuring optimal value was achieved from campaign spend. This also established a sound benchmark for measuring the effectiveness of future campaigns.

The materials developed are available for use by RCV member councils.

## Key learnings

**1. Make invisible jobs visible** – there is a disconnect between thousands of unfilled positions which are no longer advertised because the advertisements are not working; and the thousands of potential movers who look in traditional online job boards and can't find jobs. A professionally curated website drawing information from employers and communities and packaging it for movers would be effective in addressing this information gap.

**2. Combat misconceptions** – Negative perceptions and misconceptions about moving to the country need to be rebutted with evidence and case studies. Potential movers want facts, not hype – and rural communities also need to believe in their own potential to reduce population attrition. Further campaigns are required to help overcome this issue.

**3. Experience and evidence combine to persuade** – the campaign demonstrated the value of experiencing the reality of rural life by pairing local people with potential movers – with very positive results. Events and strategic campaign development offers opportunities to significant increase rates of moving.

The project generated images, stories, video and other content relevant to all member councils, providing material for distribution to their communities and potential movers. These are available at **livecountry.com.au**

## Read more:

**Visit:** [ruralcouncilsvictoria.org.au/communities](http://ruralcouncilsvictoria.org.au/communities) for more details

# Services for liveability

RCV engaged Urban Enterprise to prepare a report into the delivery of services that contribute to rural liveability. Drawing on primary research, literature reviews, case studies and consultation, the report identified trends in rural service provision, demand and best practice principles that could be applied to rural Victoria.

The **Services For Rural Liveability** report supports RCV objectives to build capacity in rural areas and identify the most effective approach for improved service delivery in rural communities.

## Key liveability factors

There are four main liveability factors which have been found to be the greatest influences on the attraction and retention of population in rural and regional areas. These factors are:

- Lifestyle
- Environment
- Economy
- Connections

The provision of, and accessibility to, services in rural communities is critical in supporting these factors and improving liveability.

## The challenge

Rural councils and communities face specific – yet common – challenges to service delivery, impacting on liveability of residents, including:

- Lack of economies of scale and critical mass create **inefficiencies in service delivery**
- **Large distances** and time required to deliver services impacts **accessibility of services**
- Lack of competition from private service providers and frequent **market failures increases the cost of some services**
- Difficulties in the recruitment of professional staff and skilled contractors creates **jobs and skills shortages**, as well as service gaps

## Recommendations

Support initiatives that:

- Assist in maintaining a minimum level of service in rural towns or **improving accessibility** to services in other locations
- Ensure a strong focus on initiatives which can **enhance both service provision and social capital**, for example community ownership of key assets and services
- Make efficient use of existing council and community buildings and infrastructure and **encourage flexible use of space** for both private and public purposes
- **Encourage and facilitate collaboration** across local government and between other levels of government, private investors and volunteer groups to establish partnerships for alternative service delivery
- Ensure a high level of **professionalism and governance** for alternative service models

## Conclusions

RCV and member councils have an important role to play in advocating for improvements to service provision across rural Victoria. Given the range of challenges, State and Federal government support is critical to enable co-ordination and collaboration between councils, funding for key services that can't be delivered by the market, and encourage innovation through specific programs.

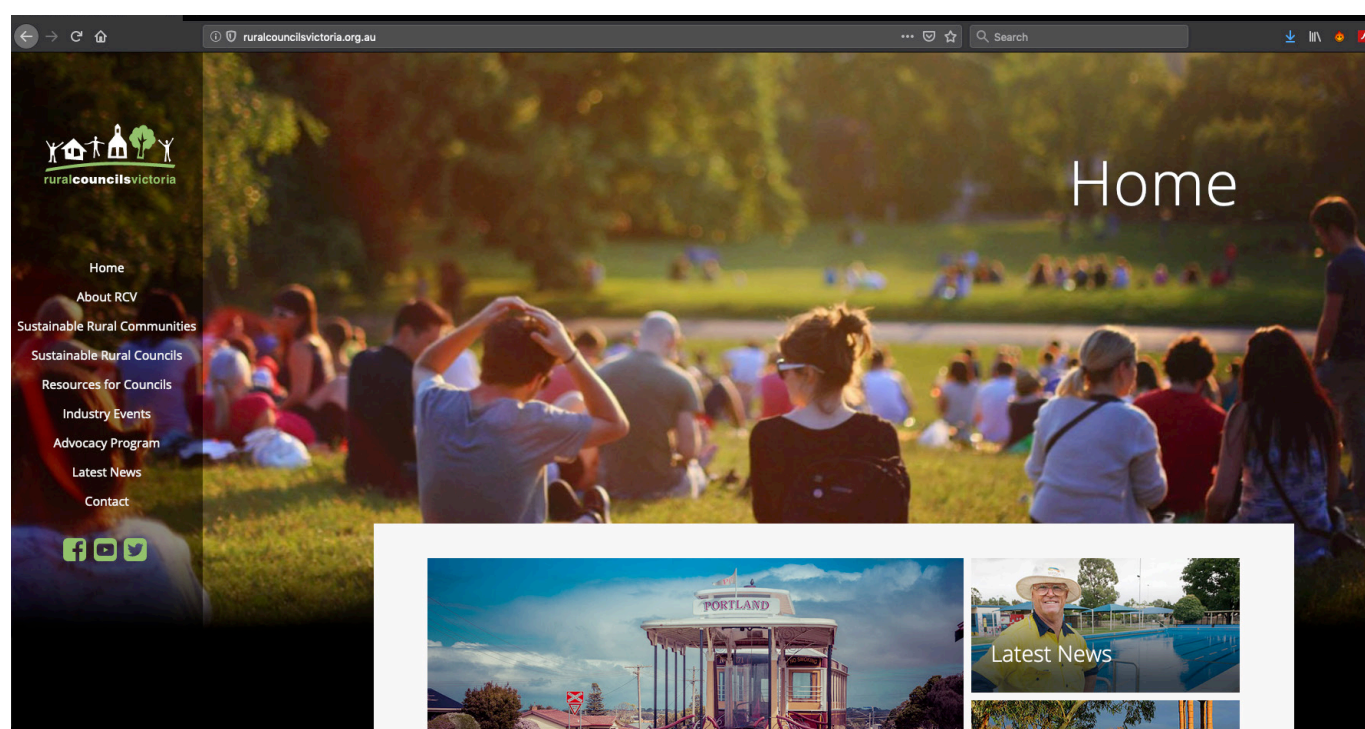
## Read more:

**Visit:** [ruralcouncilsvictoria.org.au/communities](http://ruralcouncilsvictoria.org.au/communities) for more details



# Website and toolkit

To make life easier for member councils, RCV has launched our updated website and designed and uploaded a number of Industry Toolkits. These resources help staff develop and implement initiatives specifically with the rural environment in mind.



## New website

This year RCV launched a new corporate website which houses information about our organisational goals, our program of work, and our advocacy activity.

The new website provides member councils with up-to-date information about work underway, including research commissioned by RCV, submissions provided to government inquiries and reviews, and documents prepared for state and federal governments.

**Visit:** [ruralcouncilsvictoria.org.au](http://ruralcouncilsvictoria.org.au)

## Industry toolkits

We know that how we do things in a rural context is different than in a regional centre or a major metro area.

RCV has commissioned a series of toolkits to support our member councils to develop and implement initiatives with their rural environment in mind. These resources should be read as shortcuts to industry best practice, providing insights for resource constrained small rural councils, and highlighting issues relevant to their rural communities.

New resources will be added over time as new projects are completed.

**Visit:** [ruralcouncilsvictoria.org.au/resources](http://ruralcouncilsvictoria.org.au/resources)



# Rural Councils Victoria

# Financial

# Report

# 2018-19

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# Income statement

Income statement: As of 30 June 2019	NOTE	2019 \$	2018 \$
<b>Revenue from operations</b>			
Grant income		2,219,364	173,850
Membership income		111,000	108,000
<b>Total revenue from operations</b>	3	<b>2,330,364</b>	<b>281,850</b>
<b>Expenses from operations</b>			
Materials and services		933,378	612,590
<b>Total expenses from operations</b>	3	<b>933,378</b>	<b>612,590</b>
<b>Surplus/(deficit)</b>		<b>1,396,986</b>	<b>(330,740)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>1,396,986</b>	<b>(330,740)</b>
The above income statement should be read in conjunction with the accompanying notes.			



# Balance sheet

Balance sheet: As of 30 June 2019	NOTE	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		618,818	338,831
Trade and other receivables		1,240,964	-
<b>Total current assets</b>		<b>1,859,782</b>	<b>338,831</b>
<b>Total assets</b>		<b>1,859,782</b>	<b>338,831</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		185,125	11,811
Other payables	2	(29,338)	20,011
<b>Total current liabilities</b>		<b>155,787</b>	<b>31,822</b>
<b>Total liabilities</b>		<b>155,787</b>	<b>31,822</b>
<b>Net assets</b>		<b>1,703,995</b>	<b>307,009</b>
<b>Equity</b>			
Accumulated surplus		1,703,995	307,009
<b>Total equity</b>		<b>1,703,995</b>	<b>307,009</b>
The above balance sheet should be read in conjunction with the accompanying notes.			

# Changes in equity

STATEMENT OF CHANGES IN EQUITY	NOTE	2019
		Retained earnings
		\$
Balance at the beginning of the financial year		307,009
Surplus for the period		1,396,986
<b>Balance at the end of the financial year</b>		<b>1,703,995</b>
The above statement of changes in equity should be read in conjunction with the accompanying notes.		

STATEMENT OF CHANGES IN EQUITY	NOTE	2018
		Retained earnings
		\$
Balance at the beginning of the financial year		637,749
Deficit for the period		(330,740)
<b>Balance at the end of the financial year</b>		<b>307,009</b>
The above statement of changes in equity should be read in conjunction with the accompanying notes.		

# Statement of cash flows

CASH FLOWS	NOTE	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Receipts from operating activities (inclusive of GST)		1,322,436	523,091
Payments to suppliers and employees (inclusive of GST)		(1,042,449)	(698,343)
<b>Net cash provided by/(used in) operating activities</b>		<b>279,987</b>	<b>(175,252)</b>
<b>Cash flows from investing activities</b>			
Payments for investments		-	-
<b>Net cash provided by/(used in) investing activities</b>	5	-	-
<b>Cash flows from financing activities</b>		-	
Payments for financing		-	-
<b>Net cash provided by/(used in) financing activities</b>		-	-
Net increase/(decrease) in cash and cash equivalents		279,987	(175,252)
Cash and cash equivalents at the beginning of the financial year		338,831	514,083
<b>Cash and cash equivalents at the end of the financial year</b>		<b>618,818</b>	<b>338,831</b>
The above statement of cash flows should be read in conjunction with the accompanying notes.			



# Notes

## Notes to and forming part of the financial statements – for year ended 30 June 2019

### Introduction

The Financial Statements cover Rural Councils Victoria Incorporated as an individual entity which was incorporated on 30 June 2016. Rural Councils Victoria Incorporated is an incorporated association under the Associations Incorporation Reform Act 2012.

### Basis of preparation

These general purpose financial statements have been prepared in accordance to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

### Note 1: Accounting policies

#### a) Revenue and other income

Revenue is recognised upon the provision of the service to the customer.

Grant funding is recognised at the time of receipt of funding or when the Association has the right to receive funding.

Council contributions are recognised at the time membership invoices are raised to member Councils. Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

#### b) Income tax

The Association is a not-for-profit organisation and is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

#### c) Employee provisions

The Association has no employees.

#### d) Cash and cash equivalents

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### e) Accounts receivable

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from grants from government departments. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

#### g) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.



#### **h) Change in accounting policies**

AASB 9 Financial Instruments has been adopted for the first time in the current year. The main impact of the implementation of this new standard is that the calculation for the provision of doubtful debts has changed from being based on an incurred loss model to an expected credit loss model. This change in accounting policy has had no impact on opening balances.

#### **i) New accounting standards and interpretations**

The following new accounting standards and interpretations have been issued as at 30 June 2019 but are not effective until the financial year ending 30 June 2020. As at the date of these statements the Association is yet to perform an assessment of the impact of these new accounting standards.

#### **AASB 16 – Leases**

This standard requires entities to bring the majority of operating leases on-balance sheet. Leases previously recognised off-balance sheet will be accounted for as a right-of-use (ROU) asset and lease liability which will bring more transparency about lease commitments and change financial ratios such as gearing ratios, asset turnover and Comprehensive results. As the Association has no operating leases it is unlikely that this standard will have a material impact on the financial statements.

#### **AASB 15 - Revenue from Contracts with Customers**

This standard shifts the focus from transaction-level accounting to a contract-based accounting

approach. This accounting standard may impact profit and loss statements, with revenue from grants or donations recognised only when the specific performance obligation to provide the goods or services is satisfied. Given the nature of the Association's operations, it is unlikely that this standard will have a material impact on the financial statements.

#### **AASB 1058 - Income of Not-for-profit Entities**

This standard applies to all income not captured by AASB 15 Revenue from Contracts with Customers. This standard will impact how volunteer services are accounted for and the revenue recognition treatment applied to grant income which does not meet the criteria to be accounted for under AASB 15 Revenue from Contracts with Customers. Given the nature of the Association's operations, it is unlikely that this standard will have a material impact on the financial statements.

<b>Note 2: Other payables</b>	<b>2019 \$</b>	<b>2018 \$</b>
GST liability	(34,138)	15,211
Other payables	4,800	4,800
<b>Total other payables</b>	<b>(29,338)</b>	<b>20,011</b>

### NOTE 3: Comprehensive income statement – Member detail (2019)

	Government funding: \$	Member funding: \$	Total \$
<b>Income</b>			
Grant funding - Stronger Rural Councils Initiative (SRCI)	2,219,364		2,219,364
Council membership fees	-	111,000	111,000
<b>Total income</b>	<b>2,219,364</b>	<b>111,000</b>	<b>2,330,364</b>
<b>Expenses</b>			
<b>Workstream 1:</b> RCV governance, networking and communications			
- Rural summit	3,029	-	3,029
- Mayors, CEOs and Councillors Forum	22,388	-	22,388
- Secretariat services	156,317	-	156,317
- Governance costs	6,793	-	6,793
- Committee expenses	19,106	-	19,106
- Communication tools	26,725	-	26,725
	<b>234,358</b>	-	<b>234,358</b>
<b>Workstream 2:</b> Sustainable rural councils			
- Build the evidence base	15,640	-	15,640
	<b>15,640</b>		<b>15,640</b>
<b>Workstream 3:</b> Sustainable rural communities			
- Foundation project - detail	71,800	-	71,800
- Rural Population Growth Policy	10,286	-	10,286
- Rural Workforce Development Plan	2,377	-	2,377
- Rural Promotion Program	218,261	-	218,261
- Rural Investment Attraction Program	20,000	-	20,000
- Services that Contribute to Livability	38,880	-	38,880
- Older Persons Services Accommodation	85,330	-	85,330
- Building on Success Project	31,835	-	31,835
- Understanding social enterprise workshops	76,508	-	76,508
- Economic Development Strategy (Peri-urban)	35,000	-	35,000
	<b>590,277</b>	-	<b>590,277</b>
Advocacy			
- Consultants - advocacy	-	93,103	93,103
Total expenses	<b>840,275</b>	<b>93,103</b>	<b>933,378</b>
Surplus for the year	<b>1,379,089</b>	<b>17,897</b>	<b>1,396,986</b>



### NOTE 3: Comprehensive income statement - Member detail (2018)

	Government funding: \$	Member funding: \$	Total \$
<b>Income</b>			
Grant funding - Stronger Rural Councils Initiative (SRCI)	173,850	-	173,850
Council membership fees		108,000	108,000
<b>Total income</b>	<b>173,850</b>	<b>108,000</b>	<b>281,850</b>
<b>Expenses</b>			
<b>Workstream 1: RCV governance, networking and communications</b>			
- Rural summit	67,903	-	67,903
- Mayors, CEOs and Councillors Forum	39,259	-	39,259
- Secretariat services	149,519	-	149,519
- Governance costs	11,793	-	11,793
- Committee expenses	7,650	-	7,650
- Communication tools	13,386	-	13,386
	<b>289,510</b>	-	<b>289,510</b>
<b>Workstream 2: Sustainable rural councils</b>			
- Shared services and collaboration	2,645	-	2,645
- Build the evidence base	1,250	-	1,250
	<b>3,895</b>	-	<b>3,895</b>
<b>Workstream 3: Sustainable rural communities</b>			
- Foundation project - brief	10,990	-	10,990
- Foundation project - detail	70,920	-	70,920
- Rural Living Campaign - brief	79,140	-	79,140
- Understanding social enterprise workshops	85,576	-	85,576
	<b>246,626</b>	-	<b>246,626</b>
<b>Advocacy</b>	-		
- Consultants - advocacy	-	72,559	72,559
	-	<b>72,559</b>	<b>72,559</b>
<b>Total expenses</b>	<b>540,031</b>	<b>72,559</b>	<b>612,590</b>
<b>Deficit for the year</b>	<b>(366,181)</b>	<b>35,441</b>	<b>(330,740)</b>

<b>Note 4: Related party transactions</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>a) Key management personnel</b>		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.		
Key management personnel compensation:		
- Short term benefits	-	-
- Post-employment benefits	-	-
- Other long-term benefits	-	-
	-	-
<b>b) Other related parties</b>		
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.		
Transactions between related parties:		
<b>Expenditure transactions</b>		
- Services rendered from Towong Shire Council	156,317	149,519
	<b>156,317</b>	<b>149,519</b>
<p>All related party transactions above are with Councils that are members of Rural Councils Victoria Incorporated. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.</p> <p>The Association conducted an Expression of Interest for a member Council to provide Secretariat services to the entity. As a result of this process, Towong Shire Council was appointed Secretariat for a three year period from 1 July 2016 to 30 June 2019. In March 2019 an Expression of Interest was conducted. As a result of this process, Towong Shire Council was appointed Secretariat for a six month period ending 31 December 2019.</p> <p>Towong Shire Council's Chief Executive Officer is the Secretary for Rural Councils Victoria Incorporated. This role is independent of the Secretariat service.</p>		

<b>Note 5: Reconciliation of cash flows from operating activities with net current year surplus/(deficit)</b>	<b>2019 \$</b>	<b>2018 \$</b>
Net current year surplus/(deficit)	1,396,985	(330,740)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in accounts receivable and other debtors	(1,240,964)	171,600
Increase/(decrease) in accounts payable and other payables	123,966	(16,112)
<b>Net cash provided by/ (used in) operating activities</b>	<b>279,987</b>	<b>(175,252)</b>

#### Note 6: Financial risks management

The Association's financial instruments consist of deposits with banks, receivables and payables.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

##### Credit risk

The maximum exposure to credit risk by classes of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. The Association's financial assets and liabilities are all non-interest bearing.

##### Interest rate risk

As there are no investments or borrowings, there is no interest rate risk applicable to RCV.

##### Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Association manages this risk by monitoring the total inflows and outflows expected on a monthly basis. The Association ensures that sufficient liquid assets are available to meet all the short-term cash payments.

The Association's contractual maturity for financial assets and liabilities are all due within 3 months or less.

##### Entity details

The registered office of the entity is:  
32 Towong Street  
Tallangatta VIC 3700

#### Note 7: Events occurring after reporting date

There were no material matters or circumstances which have arisen between 30 June 2019 and the date of this report that have significantly affected or may significantly affect the operations of the Association, the result of those operations or the state of affairs of the Association in subsequent financial periods.

#### Note 8: Contingent assets or liabilities

The Committee are not aware of any contingent assets or liabilities at balance date.

#### Note 9: Commitments

The Association has entered into the following operating commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their normal value and presented exclusive of the GST payable.

##### Commitments at 30 June 2019:

Rural Investment Attraction	\$110,000
Older Persons Services and Accommodation	\$85,000
<b>Total commitments</b>	<b>\$195,000</b>



# Committee Declaration

In accordance with a resolution of the Committee of Rural Councils Victoria Incorporated, the Committee declare that:

The financial statements and notes, as set out on pages 2 to 13, are in accordance with the Associations Incorporation Reform Act 2012 and give a true and fair view of the financial position and performance of the Association during and as at the financial year ending 30 June 2019.

In the opinion of the Committee there are reasonable grounds to believe that Rural Councils Victoria incorporated will be able to pay its debts as and when they become due and payable.



**Cr Mary-Ann Brown (Chair)**

Dated this day Wednesday 2 October 2019



**Mr Andrew Mason (Treasurer)**

Dated this day Wednesday 2 October 2019



# Auditor's Report



520 Swift St  
PO Box 375  
Albury NSW 2640

P 02 6023 9100  
F 02 6021 2154  
W [johnsonsmme.com.au](http://johnsonsmme.com.au)

## Independent auditor's report to the members of Rural Councils Victoria Inc.

### Opinion

We have audited the financial statements, being general purpose financial statements, of Rural Councils Victoria Inc., which comprises the balance sheet as at 30 June 2019, and the income statement, statement of changes in equity and the statement of cash flows for the period ended on that date, notes to the financial statements, including a summary of accounting policies and other explanatory notes and the committee declaration.

In our opinion, the accompanying financial statements of Rural Councils Victoria Inc. are in accordance with the *Associations Incorporation Reform Act 2012*, including:

- a) giving a true and fair view of Rural Councils Victoria Inc.'s financial position as at 30 June 2019 and of its performance for the financial period ended on that date, and
- b) complying with Australian Accounting Standards and the *Associations Incorporation Reform Regulations 2012*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Report and Auditor's Report

The Committee of Management is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2019, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent auditor's report to the members (continued)

### Responsibilities of the Committee of Management for the Financial Statements

The Committee of Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012* and for such internal control as the Committee determine is necessary to enable the preparation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee of Management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.


### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.



Johnsons MME  
Chartered Accountants



Stephen Clarke  
Director

Albury  
2 October 2019









## **Rural Councils Victoria**

PO Box 102  
Tallangatta VIC 3700

(02) 6071 5100

[secretariat@ruralcouncilsvictoria.org.au](mailto:secretariat@ruralcouncilsvictoria.org.au)

[ruralcouncilsvictoria.org.au](http://ruralcouncilsvictoria.org.au)