



Rural Councils Victoria Annual Report 2019-20

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



Chair's message

I would like to take this opportunity to reflect on what has been a challenging year for all our member councils and their communities.

It's an overused phrase that is unfortunately true: It has been an unprecedented 12 months.

In the 2019-2020 year, a number of member councils and their communities were impacted by the bushfires.

Just as there was some optimism about the prospects for economic recovery, particularly for tourism, the coronavirus pandemic hit.

The pandemic affected every individual and every community. And RCV continued to advocate through this difficult time for the needs of our communities.

To further the interests of our communities, RCV has had many meetings with state government ministers.

These meetings enabled us to clearly communicate our views on a range of issues of particular concern to rural communities and councils.

As part of those conversations, the ministers also sought RCV feedback on a range of issues, such as rural communities' views about metropolitan residents visiting regional areas and easing of restrictions, for example.

Also, in the last year we have increased RCV's media presence. We have done this through regularly distributing media releases on issues that affect rural communities and rural councils.

We have organised print, radio and television interviews for the Chair and Deputy Chair and developed greater connections to regional and rural media outlets.

This aspect of RCV's activities is a high priority, with the aim of stronger advocacy for rural communities.

I would like to take this opportunity to thank all the members and former members of the RCV Committee for the outstanding work they have done and the contributions they have made to the lives of all rural Victorians.

I would also like to thank the former secretariat staff for all their great work, Georgina Curtis and Lara McPherson and welcome the new secretariat from The Agenda Group, Damian Mannix, Kathleen Hurley, Debbie Wills and Seamus Bradley.

Meanwhile, RCV will continually call on, and work with governments, to provide what rural communities need: enhanced and equal opportunities for employment, education, health and happiness.

Cr Mary-Ann Brown
Chair

RCV Committee

Rural North West Region



Cr Rob Gersch
Councillor, Hindmarsh
Shire Council



Anthony Judd, CEO,
Buloke Shire Council

Rural North East Region



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



Juliana Phelps,
Secretary, CEO, Towong
Shire Council

Rural North Central Region



Cr Gavan Holt, Loddon
Shire Council



Darren Fuzzard,
CEO, Mt Alexander
Shire Council

Rural South Central Region

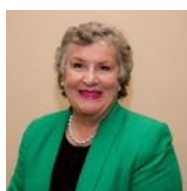


Cr Rob Vance, Pyrenees
Shire Council



Evan King, CEO,
Hepburn Shire Council

Rural South West Region

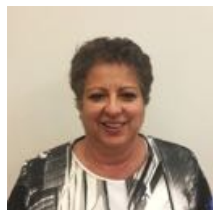


Cr Mary-Ann Brown,
Councillor, Southern
Grampians Shire
Council (Chair)



Andrew Mason, CEO,
Corangamite Shire
Council (Treasurer)

Gippsland Region



Cr Marianne Pelz,
East Gippsland Shire
Council



David Morcom,
CEO, Wellington
Shire Council

About the committee

The Rural Councils Victoria Committee consists of an elected official and a CEO from each of the six rural regions as designated by the Municipal Association of Victoria.

COMMITTEE CHANGES

In 2019-2020 we farewelled

Mr Lenny Jenner, Former CEO, Borough of Queenscliffe

Mr Michael Bailey, Former CEO, Northern Grampians Shire Council

This year we welcomed

Mr Anthony Judd, CEO, Buloke Shire Council

Mr Darren Fuzzard, CEO, Mt Alexander Shire Council

Cr Marianne Pelz, East Gippsland Shire Council

Mr Evan King, CEO Hepburn Shire Council

Advocacy

RCV's advocacy activities increased significantly in 2019-2020.

In November 2019, prior to the pandemic, RCV Chair Cr Mary-Ann Brown and Committee Member David Morcom met with elected representatives from across the political spectrum to discuss findings from RCV research and key priorities for support and investment.

Cr Brown and Mr Morcom discussed the need for investment in health, education and the liveability of rural towns to ensure a rural lifestyle continues to appeal to new residents.

Elected representatives that the committee delegation met with included:

- The Hon Dan Tehan, MP Minister for Education (pictured below),
- The Hon Libby Coker, member for Corangamite,
- The Hon Helen Haines, Member for Indi,
- Senator Jane Hume, Assistant Minister for Superannuation, Financial Services and Financial Technology



Since the coronavirus restrictions were put in place across Victoria beginning In March 2020, RCV has managed to have regular conversations with many state government ministers, and to a lesser extent with federal ministers and members of parliament. With access to improved videoconferencing platforms, RCV was able to meet regularly with the ministers across the portfolios of Local Government, Tourism, Small Business and Regional Development.

Issues raised in these meetings included:

- 'One size does not fit all', emphasizing the differences between metropolitan, regional and rural councils. This lens has been applied to a range of issues, including road funding, restrictions, tourism and business support.
- Local Government - timing of local government elections and implementation of the *Local Government Act 2020*.
- Tourism – arguing for the redirection of marketing funds from international marketing to intrastate marketing campaigns in the first instance, followed by interstate campaigns. We have also advocated for a tourism infrastructure fund and a rural events funding stream.
- Small Business – advocating for greater support for sole traders, who are largely ineligible for federal government support and state government support.



Submissions

Making submissions is a part of our ongoing advocacy program which sees RCV participating in policy discussions with agencies and departments across all levels of government, as well as relevant inquiries and committees, on decisions relating to rural communities.

In conjunction with RCV's advocacy, submissions were made over 2019-20 on the topics of:

Migration

Submissions were made to the Joint Standing Committee on Migration's *Inquiry into migration in regional Australia* and the Senate's Legal and Constitutional Affairs Legislation Committee's *Inquiry into the new Skilled Regional Visas*, both conducted in 2019. The insights and advice contained in these submissions were the result of a number of earlier pieces of research conducted by RCV on Population Attraction and Retention, Rural Workforce Development and Opportunities and actions for Population Growth in Rural Victoria.

Local Government Rating system

RCV made a written submission to the Victorian Government's *Local Government Rating System Review*, as well as appearing before the Rating Review committee at a public hearing. RCV's submission stated that rural councils and their communities are struggling to keep up with the demand for services.

The impact of a dispersed and small population spread over a large geographic area presents a number of challenges for rural councils in meeting the needs of their communities. These include higher services costs per head, a lack of economies of scale that are more easily achieved in metropolitan Melbourne and regional cities, and limited private sector presence and investment, leaving rural councils to provide services (particularly in aged care and childcare) to the community.

Infrastructure

RCV made a submission as part of Infrastructure Victoria's stakeholder engagement process for its 30 year Infrastructure Strategy. In its submission RCV argued that rural communities need key Infrastructure Investment across transport services, the road network and digital connectivity to grow the working population to meet demand for labour and skills, increase the stock of appropriate housing, and develop targeted, place based population attraction strategies that reflect the various locational circumstances and challenges.

Aged Care

Stemming from the recommendations made in RCV's report on aged care services in rural Victoria undertaken by Verso Consulting, a submission was made to the Royal Commission into Aged Care.

RCV proposed changes to the in-home and residential care funding models currently in place at both the state and federal levels to meet the expected increase in demand for services arising from an ageing population, and create much needed investment and employment opportunities jobs in rural communities over the post-COVID-19 recovery phase.



Emergency management and bushfire response

The January 2020 catastrophic bushfires were notable for their intensity and coverage. The rural councils predominantly affected by the fires were Towong, East Gippsland, Alpine and to a lesser extent, Wellington and Mansfield Shires. Smaller fires occurred across many other parts of rural Victoria including Moyne, Glenelg, West Wimmera and Pyrenees Shires.

Following the completion of the fire season RCV made submissions to the Inspector-General of Emergency Management's *Inquiry into the 2019-20 Victorian Fire Season* and the *Royal Commission into National Natural Disaster Arrangements*.

In these submissions, RCV noted the extraordinary scale, intensity and breadth of this summer's fires

was matched by an extraordinary evacuation, response, relief and recovery effort. RCV contended local governments are best equipped to co-ordinate fire emergency responses, due to their local knowledge and networks.

However, in order to be able to meet the challenge posed by the increasing incidence of natural disasters such as bushfires, councils must be adequately resourced to prepare for, and respond to, these events. In the inquiry submissions, RCV calls for state and federal governments to properly fund emergency management preparedness, including substantial increases in the State Government's funding of the Municipal Emergency Resourcing Program (MERP) as well as significant funds from the Federal Government.



Media and communication

In 2019-2020, successfully RCV ramped up our media and communications effort and profile.

The extra effort resulted in an increase in media interviews with RCV Chair Cr Mary-Ann Brown and Deputy Chair Cr Jenny O'Connor, particularly from late last year onwards.

Media releases included:

Rural Councils Victoria welcomes road funding blitz: following the announcement of an investment of \$653.5 million by the state government to rebuild and resurface roads across Victoria over a two-year period.

Rural Councils Victoria call for new council funding model at inquiry: on behalf of rural communities RCV Chair Cr Mary-Ann Brown told the Local Government Ratings System Review that councils were struggling to keep up with demand for services from their communities.

Rural Councils Victoria brings priority issues to Canberra: RCV Chair Cr Mary-Ann Brown and Committee Member David Morcom met with elected representatives from across the political spectrum to discuss findings from recent RCV research and key priorities for support and investment.

Rural Victorians call for \$4 billion in support: Rural Councils Victoria (RCV) is calling on the State and Federal governments to provide \$4 billion to support rural Victorian communities in the wake of devastating droughts, the recent bushfire crisis and the COVID-19 pandemic.

This issue received widespread media coverage.

Bushfire preparations funding needs to be at least tripled: RCV has [called on the government](#) to triple funding for emergency management preparedness to ensure rural communities are ready for devastating natural disasters such as bushfires and major floods.

RCV made submissions to the [Inspector-General of Emergency Management's Inquiry into the 2019-20 Victorian Fire Season](#) and the [Royal Commission into National Natural Disaster Arrangements](#).

This issue received good media coverage.

Rural aged care needs urgent reform: Aged care in rural Victoria needs urgent reform to meet projected demand from an ageing population, Rural Councils Victoria (RCV) has said in its [submission to the Royal Commission into Aged Care](#).

Tourists urged to stay safe on the long weekend: With the (June) long weekend quickly approaching, Rural communities across Victoria are preparing to welcome thousands of tourists from the city following the lifting of some COVID-19-related restrictions.

ICT grants welcomed: Rural Councils Victoria welcomes the State Government's announcement of \$3.8 million to support rural councils in improving their information technology to facilitate remote governance and community engagement.

Rural Victorians suffer severe job losses: The number of people employed outside of metropolitan Melbourne fell by 20,800 between February and May 2020, demonstrating the impact of the COVID 19 emergency on rural and regional economies, ABS figures showed.



Engagement

Workshops and toolkits

Several significant pieces of work have been completed in the last 12 months, including the Investment Attraction and Community Engagement projects.

INVESTMENT ATTRACTION

The Investment Attraction project was undertaken by Dench McClean Carlsen on behalf of RCV.

Previous work on the project established there was an overall low level of awareness about investment attraction among rural councils, and a lack of collaboration across councils in meeting with industry representatives in order to facilitate businesses and places of employment moving to their regions.

To counter this, a series of workshops was conducted by Dench McLean Carlson in the first half of 2020 to establish a greater investment attraction presence across rural councils.

This included developing dedicated investment attraction strategies and plans within councils and identifying prominent industries already operating in their regions to pursue opportunities for greater Investment.

Potential industries or businesses that could take advantage of economic and locational strengths were also examined.

The workshops were reconfigured – due to the coronavirus pandemic restrictions – and were held online and structured across two sessions, each of three hours duration.

Across the six RCV regions, 29 Councils were represented. Participants were a mix of Councillors, Executive Managers, Senior Managers and staff members. Council Officers that attended worked mainly in an 'economic development' role.

The workshops were a great success, with the committee receiving the following feedback by some of the attendees:

“Thank you so much for the Investment Training workshops As I’m used to working in an urban setting and I’m new to working in rural Victoria, it was a steep learning curve for me. I found it very interesting and very relevant to my new role.”

“A great initiative that helps to get the conversation around investment facilitation going and to ensure it’s a priority in rural Victoria for LGAs and RDV.”



COMMUNITY ENGAGEMENT

RCV held a series of five free online community training sessions workshops, conducted by Projectura, to assist councils meet the requirements for community engagement outlined in the Local Government Act 2020.

More than 200 participants from 21 RCV member Councils, as well as representatives from the Local Government Victoria implementation team, attended the training.

Some feedback from workshop attendees:

“Really good session – learnt some good processes as well more detail on the Act. Well done!”

“I feel I know what is going on with the new changes too so ‘mission accomplished’ from that angle.”

A Toolkit was also developed by Projectura on behalf of RCV to highlight case studies which give examples of great practice and set out easy steps and processes for rural councils to follow to deliver similar projects.

The toolkit is now available for council officers to use on the RCV website.

Member events

Mayors, Councillors and CEOs Forum and Annual General Meeting – October 2019

Our October 2019 Mayors, Councillors and CEOs Forum was held on Wednesday 16 October 2019 at the Isabella Fraser Room at the State Library of Victoria.

The program included a keynote from Gabrielle Chan, political journalist and author of *Rusted Off: Why Country Australia is Fed Up*. It also included presentations from Regional Development Victoria CEO Beth Jones and the Deputy Auditor General of Victoria Dave Barry.

RCV Committee Members also hosted Regional Discussion Groups to explore the major issues impacting members.

Postponement of May 2021 Rural Summit

Due to the coronavirus pandemic, the Rural Summit, to be hosted by Strathbogie Council, was postponed to May 2021.

Strathbogie Council has completed much of the planning for this event which we are hopeful will proceed as planned next year.

Sadly, there were no member forums in 2020.

We are hoping that we will be able to hold a forum in 2021.



Attendees at the Mayors, Councillors and CEOs Forum and Annual General Meeting – October 2019.

Financial report



Rural Councils Victoria

Financial Report 2019-2020

Income statement

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue from operations			
Grant income		-	2,219,364
Membership income		111,000	111,000
Total revenue from operations	3	111,000	2,330,364
Expenses from operations			
Materials and services		773,218	933,378
Total expenses from operations	3	773,218	933,378
Surplus/(deficit)		(662,218)	1,396,986
Other comprehensive income		-	-
Total comprehensive income for the period		(662,218)	1,396,986

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

Balance sheet

As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		919,724	618,818
Trade and other receivables		200,000	1,240,964
Total current assets		1,119,724	1,859,782
Total assets		1,119,724	1,859,782
Liabilities			
Current liabilities			
Trade and other payables		100,523	185,125
Other payables	2	(22,576)	(29,338)
Total current liabilities		77,947	155,787
Total liabilities		77,947	155,787
Net assets		1,041,777	1,703,995
Equity			
Accumulated surplus		1,041,777	1,703,995
Total equity		1,041,777	1,703,995

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

Statement of changes in equity

For the year ended 30 June 2020

	Note	2020 Retained earnings \$
Balance at the beginning of the financial year		1,703,995
Deficit for the period		(662,218)
Balance at the end of the financial year		1,041,777

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

	Note	2019 Retained earnings \$
Balance at the beginning of the financial year		307,009
Surplus for the period		1,396,986
Balance at the end of the financial year		1,703,995

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

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 Inflows/ (Outflows) \$	2019 Inflows/ (Outflows) \$
Cash flows from operating activities			
Receipts from operating activities (inclusive of GST)		1,235,461	1,322,436
Payments to suppliers and employees (inclusive of GST)		(934,555)	(1,042,449)
Net cash provided by/(used in) operating activities	5	300,906	279,987
Net increase/(decrease) in cash and cash equivalents		300,906	279,987
Cash and cash equivalents at the beginning of the financial year		618,818	338,831
Cash and cash equivalents at the end of the financial year		919,724	618,818

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 the year ended 30 June 2020

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

a) Statement of compliance

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.

b) Basis of measurement

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.

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

Note 1: Accounting policies

a) Revenue and other income

Revenue is recognised at the time of the provision of the service to the customer.

Grant funding where there are no specific obligations is recognised at the time of receipt of funding or when the Association has the unconditional 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) Critical accounting estimates and judgements

There were no material estimates made during the preparation of this report.

i) Accounting standards

AASB 16 – Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 Leases and accounting for lessees will eliminate the classifications of operating leases and finance leases.

As the Association has no operating leases, there has been no 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. There has been no transition date impact on adoption of this standard.

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*. There has been no transition date impact on adoption of this standard.

Note 2: Other payables	2020 \$	2019 \$
GST liability	(27,376)	(34,138)
Other payables	4,800	4,800
Total other payables	(22,576)	(29,338)

**Note 3: Comprehensive income statement - Member detail
(2020)**

	Government funding	Member funding	Total
	\$	\$	\$
Income			
Grant funding - Stronger Rural Councils Initiative (SRCI)	-	-	-
Council membership fees (2019/20)	-	111,000	111,000
Total income	-	111,000	111,000
Expenses			
Workstream 1: RCV governance, networking and communications			
- Rural summit	40,000	-	40,000
- Mayors, CEOs and Councillors Forum	15,776	-	15,776
- Secretariat services	173,432	-	173,432
- Governance costs	9,774	-	9,774
- Committee expenses	5,353	-	5,353
- Communication tools	17,434	-	17,434
	261,769	-	261,769
Workstream 2: Sustainable rural councils			
- Capacity Building	102,090	-	102,090
	102,090	-	102,090
Workstream 3: Sustainable rural communities			
- Rural Population Growth Policy	11,298	-	11,298
- Rural Workforce Development Plan	6,818	-	6,818
- Rural Investment Attraction Program	111,135	-	111,135
- Services that Contribute to Livability	29,920	-	29,920
- Older Persons Services Accommodation	85,330	-	85,330
- Capacity Building for Young People in Rural Areas	30,000	-	30,000
- Understanding social enterprise workshops	29,559	-	29,559
	304,060	-	304,060
Advocacy			
- Consultants - advocacy	-	105,299	105,299
	-	105,299	105,299
Total expenses	667,919	105,299	773,218
Deficit for the year	(667,919)	5,701	(662,218)

Note 3: Comprehensive income statement - Member detail (2019)Government
funding

\$

Income

Grant funding - Stronger Rural Councils Initiative (SRCI)	2,219,364
Council membership fees	-

Total income**2,219,364****Expenses**

Workstream 1: RCV governance, networking and communications

- Rural summit	3,029
- Mayors, CEOs and Councillors Forum	22,388
- Secretariat services	156,317
- Governance costs	6,793
- Committee expenses	19,106
- Communication tools	26,725
	234,358

Workstream 2: Sustainable rural councils

- Build the evidence base	15,640
	15,640

Workstream 3: Sustainable rural communities

- Foundation project - detail	71,800
- Rural Population Growth Policy	10,286
- Rural Workforce Development Plan	2,377
- Rural Promotion Program	218,261
- Rural Investment Attraction Program	20,000
- Services that Contribute to Livability	38,880
- Older Persons Services Accommodation	85,330
- Building on Success Project	31,835
- Understanding social enterprise workshops	76,508
- Economic Development Strategy (Peri-urban)	35,000
	590,277

Advocacy

- Consultants - advocacy	-
	-

Total expenses**840,275****Surplus for the year****1,379,089**

Note 4: Related party transactions

a) Key management personnel

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) Other related parties

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:

Expenditure transactions

- Services rendered from Towong Shire Council

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.

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 through to 30 June 2020.

Towong Shire Council's Chief Executive Officer is the Secretary for Rural Councils Victoria Incorporated. This role is independent of the Secretariat service.

Note 5: Reconciliation of cash flows from operating activities with net current year surplus/(deficit)		2020	2019
		\$	\$
Net current year surplus/(deficit)	(662,218)	1,396,985	
Change in assets and liabilities:			
(Increase)/decrease in accounts receivable and other debtors	1,040,964	(1,240,964)	
Increase/(decrease) in accounts payable and other payables	(77,840)	123,966	
Net cash provided by/ (used in) operating activities	300,906	279,987	

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* 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 2020 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 Committee are not aware of any commitments at balance date.

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 3 to 14, 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 2020.

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 13 October 2020



Mr Andrew Mason (Treasurer)

Dated this day 13 October 2020

Letter to auditor



13 October 2020

Mr Stephen Clarke
Johnsons MME
Director
PO Box 375
Albury NSW 2640

Dear Stephen,

This representation letter is provided in connection with your audit of the general purpose financial report of Rural Councils Victoria Inc. for the year ended 30 June 2020, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and in accordance with the accounting policies described in Note 1, and with the Associations Incorporation Reform Act 2012 (VIC).

We acknowledge our responsibility for ensuring that the financial report is in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and in accordance with the accounting policies described in Note 1, and with the Association's Incorporation Reform Act 2012 (VIC); and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have made available to you:
 - (a) all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
 - (b) minutes of all meetings of directors and committees.
2. There:
 - (a) has been no fraud, error or non-compliance with laws and regulations involving management or employees who have a significant role in internal control;
 - (b) has been no fraud, error or non-compliance with laws and regulations that could have a material effect on the financial report; and
 - (c) have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

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W: ruralcouncilsvictoria.org.au



3. We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect error. We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
4. We acknowledge the audit adjustments made to the financial report as listed in Appendix A, if any.
5. We believe the effects of those uncorrected financial report misstatements aggregated by the auditor, as listed in Appendix A, during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole.
6. We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
7. We have considered the requirements of AASB 136, "Impairment of Assets", when assessing the impairment of both tangible and intangible assets and in ensuring that no assets are stated in excess of their recoverable amounts.
8. **Accounts Receivable**
 - (a) Accounts receivable totalling \$200,000 were owing to the Association at balance date and represent bona fide claims against debtors at that date and are not subject to discount except for normal cash discounts. We are of the opinion that these debts will be realised in full subject to a provision for doubtful debts of \$Nil;
 - (b) The committee members have taken reasonable steps to ascertain what action has been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and to cause all known bad debts to be written off and adequate provisions to be made for doubtful debts.
9. The following have been properly recorded and/or disclosed in the financial report:
 - (a) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;
 - (b) agreements to repurchase assets previously sold;
 - (c) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments;
 - (d) unasserted claims or assessments that our solicitor has advised us are probable of assertion; and

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10. There are no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.
11. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
12. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable, where applicable.
13. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
14. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
15. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

Cr Mary-Ann Brown
Chairperson

Juliana Phelps
Secretary

PO Box 102, Tallangatta VIC 3700
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Unadjusted Audit Variance

The following unadjusted audit variance was noted during the audit:

Description, account number and Narrative	Balance Sheet		Profit and Loss	
	DR	CR	DR	CR
Accounts Receivable	200,000			
Grant Revenue				200,000
<i>To reconcile accounts receivable balance for final payment for Stronger Regional Councils funding due in 2021 financial year.</i>				

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Auditor's report



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✉ johnson@mme.com.au

8 October 2020

Cr Mary-Ann Brown
Rural Councils Victoria Inc.
C/- Towong Shire Council
PO Box 55
Tallangatta VIC 3700

Reference: slc/lgd

Dear Mary-Ann,

Rural Councils Victoria Inc. – Closing report for the financial year ending 30 June 2020

Enclosed is the Closing Report for the year ending 30 June 2020. This provides an overview of the results of the audit.

If you have any queries concerning this closing report, please contact either:

Stephen Clarke on ☎ 02 6023 9100 ✉ stephen.clarke@mme.com.au

I also take this opportunity to thank your executive team and staff for the time they have made available to us during the course of the audit.

Yours faithfully

A blue ink signature of Stephen Clarke, written in a cursive style.

Stephen Clarke
Director

Achieving goals together

Liability limited by a scheme approved under Professional Standards Legislation.
JOHNSONS MME Audit & Assurance Services Pty Ltd
ABN 71 617 663 616



**Closing report to
Rural Councils Victoria Inc.
for the
Financial period 30 June 2020**

ACHIEVING GOALS TOGETHER

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1. Purpose of this report

This closing report has been prepared to communicate significant issues arising from our audit and to satisfy our communication responsibilities under Australian Auditing Standards with regards to reporting significant control deficiencies identified during the audit and other significant matters relevant to the financial reporting process.

2. Scope of the audit

The purpose of our audit was to express an opinion on the financial report. Our audit procedures were designed to gather sufficient appropriate evidence to form that opinion.

The audit approach focused on key financial report audit risks and a substantive audit approach was taken. Accordingly, the work conducted was not a comprehensive audit of all systems and processes and was not designed to uncover all deficiencies, breaches and irregularities in those systems and processes.

Inherent limitations in any management process and system of internal control may mean that errors or irregularities might occur and not be detected. Whilst the audit considered internal controls relevant to the preparation of the financial report, the audit does not express an opinion on the effectiveness of those controls. We do not design our audit approach to identify matters that may have been appropriate to report to you. Consequently, this report cannot be relied upon as a comprehensive report of all significant accountability and governance issues. You cannot assume that any matters reported to you indicate that there are no additional matters that you should be aware of in meeting your responsibilities.

3. Audit conclusion

We conclude that the financial statements of Rural Councils Victoria Inc. present a true and fair view of its financial position and its financial performance for the year ended 30 June 2020.

We have arrived at this opinion after consideration of the issues outlined below.

4. Disposition of key business and audit risks identified

Our audit strategy identified a number of key business and audit risks. The following table summarises these risks, our audit procedures in relation to each and the results of our procedures.

Table: risks and audit response

Description of risk	Audit procedures performed	Results of procedures
Completeness of revenue.	Audit performed detailed testing of revenue and post-period records to ensure revenue has been recorded in the correct accounting period	Audit adjustment raised to reconcile grant funding and accounts receivable, for final payment due to be received in 2021 financial year.

Description of risk	Audit procedures performed	Results of procedures
Completeness and cut-off of liabilities/expenses.	Subsequent payments testing performed to ensure payments made after year end had been expensed in correct period.	No issues noted.
Cash at bank may not exist	Obtained independent bank confirmations. Re-performed bank reconciliations.	No issues noted.
Debtors may not exist and may not be able to pay.	Reviewed debtor balances to subsequent receipts to confirm existence. Reviewed ageing and discussed recoverability with management.	\$200,000 remains outstanding in relation to the Stronger Regional Councils project. The final payment is due to be received in 2021 financial year, hence no doubtful debt provision raised.
Risk of fraud due to management override of controls	Increased audit professional scepticism involved in testing balances related to accounting estimates. Manual journal testing performed around risk balances.	No issues noted.
Presentation of financial statements	Benchmarked financial statements to model accounts.	Minor adjustments required.

5. Financial reporting issues

In forming our opinion on the financial report, we also considered a number of significant financial reporting issues. These are summarised below.

5.1. Accounting policies

The following new accounting standards were adopted with an effective date 1 July 2019:

- **AASB 16 Leases** – This standard eliminates the classification of operating and finance leases, with all leases now required to be recognised as a lease liability. We note that Rural Councils Victoria does not have any leases, and therefore the new standard had no impact on the financial statements.
- **AASB 15 Revenue from Contracts with Customers** and **AASB 1058 Income of Not-for-profit Entities** – These standards impact the timing of when revenue is received, based on the entity satisfying any relevant performance obligations. Given the nature of the revenue streams of RCV, there was no transition date impact on the financial statements.

No other changes in accounting policies have been noted.

5.2. Irregularities, fraud or regulatory non-compliance

The governing body and management have responsibility for maintaining internal controls that prevent or detect fraud or error and for ensuring regulatory compliance.

We are not responsible for preventing or detecting fraud. However, we are required to consider the risk of material misstatement due to fraud when performing our risk assessments and analytical procedures.

Aside from the required standard risk due to management override of controls (as detailed in section 4) our audit procedures did not identify any further areas of material fraud risk or exposure, or regulatory non-compliance.

5.3. Management representations

As part of our evidence gathering, we obtained formal management representations in relation to a number of matters. A management representation letter was requested and signed on the same date as the certification of the financial report. However, we did not rely solely on these representations, except where they are the only audit evidence reasonably available.

6. Audit adjustments and unadjusted differences

In the course of our audit we identified amounts that we believe should be recorded differently in the financial statements. Where these were material we requested that management adjust the financial report.

The following differences were identified by audit and have been adjusted in the financial report.

Table: Adjusted material audit differences

Component(s) affected	Amount of adjustment	Underlying cause of / reason for difference
Accounts Receivable	Dr \$200,000	Adjustment to reconcile grant funding/accounts receivable balances in relation to final outstanding payment for Stronger Regional Councils project, which is due to be received in the 2021 financial year.
Grant funding	Cr \$200,000	

Table: Unadjusted material audit differences

Component(s) affected	Amount of adjustment	Underlying cause of / reason for difference
None noted		

7. Internal control issues

The governing body and management are responsible for establishing and maintaining effective internal controls.

To the extent that we have examined certain aspects of the internal control framework, we have found that those elements of control were adequate to enable the financial report to be properly prepared.

Our review of the operations of the associations did not identify any matters that required reporting to the committee.



Rural Councils Victoria

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