

Annual Report 2016-2017



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Introduction

About us

Rural Councils Victoria (RCV) is an organisation representing Victoria's rural councils, supporting and promoting sustainable, liveable, prosperous rural communities. Victoria's 38 rural councils are responsible for 79 per cent of Victoria's land area, and have a combined population of approximately 704,000 people (June 2011).

Originally formed under the umbrella of the Municipal Association of Victoria, Rural Councils Victoria has long advocated for the needs of rural Victorians and rural councils. In 2016 the 38 rural councils in Victoria agreed to transition to a stand-alone, incorporated entity with Rural Councils Victoria becoming incorporated on 29 June 2016.

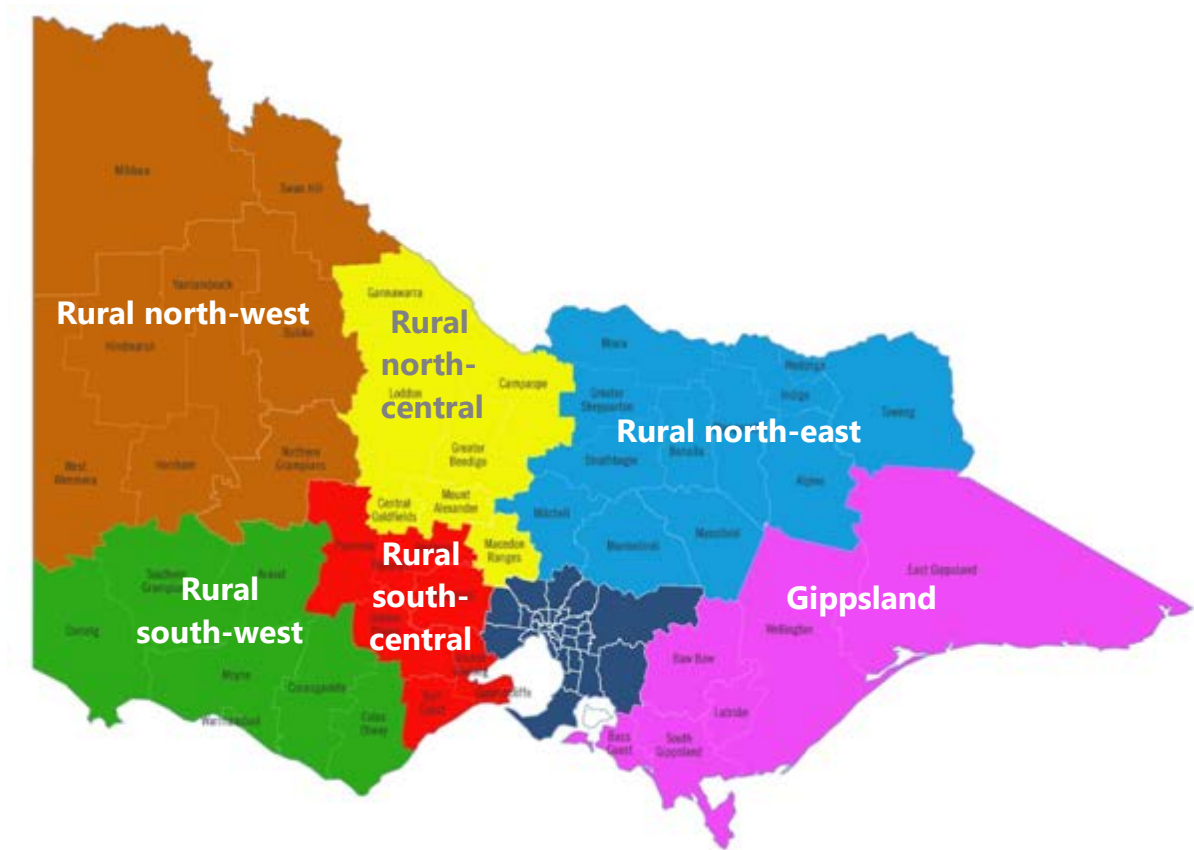
A committee of 12, comprising two representatives (a Councillor and a CEO) from each of the six MAV rural regions, oversees RCV activities.

Our purpose is to:

- Heighten awareness and understanding of issues that impact on rural communities;
- Assist with building the capacity of rural councils to face challenges;
- Provide leadership on local governance;
- Develop and support rural councils; and
- Develop policy and advocate for rural councils.



MAV's six rural regions



This report contains a snapshot of significant events, achievements and changes that occurred throughout the 2016-2017 financial year, together with audited Financial Statements and other information as required.

Our Committee

The inaugural RCV Inc. Committee was formed from the committee members of the unincorporated association that existed under the MAV. Accordingly, the first Rural Councils Victoria Inc. Committee comprised the following members:

- Cr Rob Gersch
- Ms Helen Anstis
- Cr Moyha Davies
- Mr Ray Campling
- Cr Gavan Holt
- Mr Lenny Jenner
- Cr Lyn Russell
- Mr Andrew Mason
- Cr Leo Tellefson
- Ms Juliana Phelps
- Cr Robert Vance
- Mr Jason Russell
- Cr Jan Vonarx

In the months leading up to the October 2016 local government elections, the Committee farewelled Cr Leo Tellefson, Cr Lyn Russell, Cr Jan Vonarx and Ray Campling who all retired from the Committee.

Following the local government elections, a new Committee was formed with the Rules of Incorporation providing an election process for all committee positions. This resulted in four new faces joining the RCV Committee in early 2017:

- Cr Mary-Ann Brown (Southern Grampians Shire Council) representing the Rural south-west region;
- Cr Aaron Brown (Southern Gippsland Shire Council) representing the Gippsland region (replacing Cr Moyha Davies);
- Cr Jenny O'Connor (Indigo Shire Council) representing the Rural north-east region; and
- Mr Michael Bailey (Northern Grampians Shire Council) representing the Rural north-west region.

Cr Gavan Holt was successful in securing re-election as the representative for the Rural north-central region.

The Committee accepted the resignation from Helen Anstis, CEO representative for the Gippsland region in January 2017. Her replacement and CEO representative for the Gippsland region is East Gippsland Shire Council CEO Gary Gaffney.

The Committee expresses its strong gratitude and appreciation for all past serving members. The Committee would also like to thank Councillors who nominated for a position on the Committee but were unsuccessful in the election process.

Within one month of the election of Committee members, a Committee meeting was held to elect office-bearers. At this meeting, the following appointments were made:

- Cr Rob Gersch – Chair
- Cr Gavan Holt – Deputy Chair
- Juliana Phelps – Secretary
- Jason Russell – Treasurer

The Committee continues to meet monthly to provide direction, identify priorities and guide the implementation of the RCV program.

Committee members - as at 30 June 2017



Cr Rob Gersch
Chair
Hindmarsh Shire
Cr representative for Rural
north-west region



Cr Gavan Holt
Deputy Chair
Loddon Shire
Cr representative for Rural
north-central region



Juliana Phelps
Secretary
Towong Shire
CEO representative for
Rural north-east region



Jason Russell
Treasurer
Campaspe Shire
CEO representative for Rural
north-central region



Cr Aaron Brown
South Gippsland Shire
Cr representative for
Gippsland region



Cr Mary-Ann Brown
Southern Grampians Shire
Cr representative for Rural
south-west region



Gary Gaffney
East Gippsland Shire
CEO representative for
Gippsland region



Lenny Jenner
Borough of Queenscliffe
CEO representative for Rural
south-central region



Andrew Mason
Corangamite Shire
CEO representative for Rural
south-west region



Cr Jenny O'Connor
Indigo Shire
Cr representative for Rural
north-east region



Cr Robert Vance
Pyrenees Shire
Cr representative for Rural
south-central region



Michael Bailey
Northern Grampians Shire
CEO representative for Rural
north-west region

Chair's message

It is with pleasure that I put together these words for you as part of our *2016-2017 Annual Report*.

As Chair of Rural Councils Victoria, I believe we have been able to achieve a great deal in the past 12 months, as well as consolidate some of the projects we have been working on over the longer term.

Perhaps the biggest change, which I believe has been entirely positive, is the establishment of Rural Councils Victoria as an incorporated entity. This could not have been possible without the commitment and drive from our member councils in embracing RCV to become an independent incorporated entity to advocate for rural communities and rural councils. The change has provided a strong focus on RCV's aims and objectives, and has ensured that there is a thorough understanding of the issues which face rural councils in a context of tight economic times and what we are seeking to achieve.

It has meant the establishment of our own systems and processes for financials, communications and governance, which is a

great advantage in meeting our aims and objectives.

Our roadmap of future projects is well advanced with the draft report from RCV's key project, *Population Attraction and Retention Strategy*, currently being considered by the Committee. I am confident this project will set in place clear direction for RCV's future work on behalf of our rural communities.

The work which we have done this year with the Australian Centre for Rural Entrepreneurship (ACRE) has been another highlight for me. This focus on developing future job creators, particularly aimed at young people, is great to see and we look forward to continuing our partnership.

While we were not successful in our Victorian Budget bid for the ongoing \$150 million Rural Community Support Fund, I thank the State Government for their commitment to delivering the Stronger Rural Councils Initiative (SRCI), which continues to enable positive changes in communities.

I would like to take this opportunity to thank the Committee members (and their Councils) for their continued support and their commitment to advancing RCV's aims. We welcomed several new members to the Committee this year, and their contribution and dedication has already been outstanding. I would also like to take this opportunity to recognise the contribution of retiring Committee members, who played a significant role in developing our organisation over many years.

We look forward to working with you all and hope you enjoy reading this annual report.

Cr Rob Gersch
Chair
Rural Councils Victoria



Our major priorities



Advocacy

1.1 Rural Community Support Fund

The advocacy work of RCV is supported entirely by membership funds. As members, your

contribution provides a strong voice to government, influencing the policies and budgetary allocations that will impact on our sector.

We will continue to lobby government for funding on behalf of our members. This year we collectively called on the State Government to establish an annual, dedicated \$150 million Rural Community Support Fund in a submission to the 2017-2018 Victorian Budget. A communications toolkit was developed to assist our members, and a strong media and social media campaign was undertaken.

The annual fund was the key request in our budget submission and each member council contributed by providing a list of community infrastructure, roads and bridges and service delivery projects that need a portion of the proposed funding.

Our submission was unsuccessful, however the campaigning by our members has raised awareness of the stresses on rural councils and their service delivery. Many of Victoria's rural councils are under increasing financial pressure to deliver more services and manage significant assets across vast geographic areas, all with fewer resources.

It is becoming an all too common trend for rural councils to defer spending on infrastructure and reduce services in order to maintain the bare minimum for their communities. This situation is not

sustainable and undermines the state's productivity and growth potential.

We acknowledge the \$1 million Rural and Regional Council Sustainability Reform Program that was announced as part of the 2017-2018 State Budget and further detail is provided later in the Annual Report. We have responded to the State Government and the financial sustainability conversation will stay on top of our agenda. We held many meetings with ministers, including the Victorian Treasurer Tim Pallas, and policymakers on the need for additional financial support, and will continue to advocate for more support from the state into the future.

1.2 NBN hearing in Wodonga

The Australian Government held a parliamentary inquiry hearing into the rollout of the National Broadband Network (NBN) in Wodonga in April 2017. We represented our member councils at the inquiry with RCV representatives voicing their concerns in relation to service delivery and performance issues to all those in attendance.

The NBN rollout continues to cause major issues across our member councils and in their communities, especially for the business community. Extending the network into rural areas is vital as all Australians should be able to access a reliable and affordable internet connection.

1.3 Other advocacy

RCV has advocated on a range of matters that affect rural councils and rural communities, including the Councils and Emergencies project, annual valuations proposal and inquiries into rate capping and rural council sustainability. Further detail on the more significant submissions are detailed later in this report.

2

Governance, networking and communications

2.1 Mayors, Councillors and CEOs forums

This year's Mayors, Councillors and CEOs forums were held in September 2016 and May 2017. We host

two Mayors, Councillors and CEOs forums each year.

Members come together to discuss relevant policy matters, receive updates on issues affecting rural Victoria, hear about new and innovative projects funded through the Stronger Rural Councils Initiative (SRCI), contribute to setting the future direction of RCV and hear from Ministers and other relevant speakers, government departments and experts.

The forums are also a valuable networking event, facilitating discussion among members, providing a platform for engagement between the State Government and members, and promoting the activities of RCV to a targeted audience.

The September 2016 forum agenda focused on advocacy improvement, RCV's incorporated status and secretariat arrangements and the Foundation Project (which focuses on the sustainability of rural communities). Regional Development Victoria (RDV) provided an update and the keynote address was presented by Matt Pfahlert, co-founder and CEO of the Australian Centre for Rural Entrepreneurship (ACRE).

At the May 2017 forum, delegates heard about our advocacy efforts, the State Budget submission, progress of the Foundation Project and the work that is being done with the Australian Centre for Rural Entrepreneurship (ACRE) to grow rural

Victoria's capacity for entrepreneurship, particularly among young people.

Guest speakers from Local Government Victoria (LGV), the Local Government Investigations and Compliance Inspectorate and RDV joined the forum and provided updates on their work and how it impacts on rural councils.

2.2 Rural Summit 2018

The Rural Summit is our key annual event, providing a forum for councillors and officers, local business and industry leaders, economic and community development practitioners, academics and education providers, relevant decision-makers and anyone passionate about rural prosperity to examine the unique and diverse challenges faced by rural municipalities.

It is also viewed as an important networking event by our members.

The purpose is to contribute to equipping rural councils, leaders and residents of rural communities with the necessary information, skills and capacity to respond positively to ever-changing environments.

Throughout the summit, delegates are encouraged to engage with new people, share ideas, relate learnings to and from their own rural lives and develop actions based on these learnings.

It is crucial to the success of the RCV Rural Summit that delegates take their learnings and experiences from the Summit back to benefit their councils and communities.

No summit was held in 2017. The Rural Summit in 2018 will be hosted by Gippsland Shire Council and planning is progressing.

2.3 Program communications

Our members and stakeholders require timely and effective communications, along with program activities, events and achievements. Regular newsletters to members and stakeholders, and social media channel updates are key activities under program communications. There will be a renewed focus on updates of the refreshed RCV website in the coming year.

To maximise the benefit of our network and advocacy for rural councils, positive media reports on our activities and outcomes is also important. Successful program communications impact positively on both the visibility of RCV as a peak body, and enhance the relationship between RCV and key stakeholders.

Key objectives include:

- To raise awareness of RCV as a key network with improved member participation and a sense of ownership of the RCV network by members;
- To communicate with and engage members in development and implementation of RCV's work program, events, research projects, tools and pilots; and

- To improve recognition and knowledge of activities of RCV by relevant Ministers and stakeholders, including launch and media opportunities.

2.4 Incorporated body

Rural Councils Victoria Inc. was established on 29 June 2016, meaning we are now an incorporated body. The transition of secretariat services from the MAV to Pyrenees Shire Council (interim Secretariat) to Towong Shire Council is now complete.

When RCV was established in 2005 by the then State Government it was set up with a direct link to the MAV.

The MAV was the signatory to RCV's funding agreement with the Victorian Government and undertook the RCV secretariat role. MAV and RCV operate in mutually supportive ways, and the mission and objectives of RCV are consistent with and complementary to those of MAV.

Our partnership will continue, however we are now wholly responsible for program delivery and funding expenditure to the state. Governance processes, financial and communications systems have now been established to provide a strong platform for delivery of RCV initiatives.



3

Sustainable rural councils

3.1 Rural and Regional Council Sustainability Reform Program

The State Government announced the \$1 million Rural and

Regional Council Sustainability Reform Program in the 2017-2018 Budget. This is welcomed, however, it is only a small step in the right direction.

The ultimate objective of the project is to identify long term solutions to the sustainability needs of rural councils. The consultants will collate all the available data (from Victorian Auditor-General's Office (VAGO), LGV, RDV and others), conduct community engagement sessions across the State and work with key stakeholders to formulate possible solutions to long term sustainability.

A steering group for the project has been established and we were invited to put forward a representative. RCV advocated for a Councillor representative and a CEO representative and was successful in securing two positions. Committee members Cr Jenny O'Connor and Ms Juliana Phelps are representing RCV on the steering group for the Rural and Regional Council Sustainability Reform Program.

3.2 Parliamentary inquiry submission

In September 2016 a submission was made to the parliamentary inquiry into the sustainability of rural and regional councils. The 19-page submission covers local government budgetary pressure, the equity and adequacy of rating systems, the impact of rate capping, increased emergency management responsibilities including flood planning, and weed and pest animal control.

The Fair Go Rates Policy came into effect on 1 July 2016. Five of the 38 rural councils (13 per cent of rural councils) submitted applications to the Essential Services Commission for a higher rate cap and in May 2016 all five were approved in full or in part. In responding to the Fair Go Rates Policy, rural councils have generally responded with a combination of:

- Reducing council expenditure;
- Delaying infrastructure renewal and other projects; and
- Reducing council cash reserves by accepting significant underlying deficits.

These responses provide a broad range of impacts on the community, some that will not be immediately evident to community members, some that will impact on the short term, and others that are likely to have longer term consequences.

Many rural councils reduced council expenditure in 2016-2017 to offset the financial consequences of rate capping. Councils have reduced membership of industry interest groups, reduced services to their communities and/or sought further internal operating efficiencies.

The impact of rate capping and the transfer of services from State Government to local government such as weed and pest animal control is an ongoing concern for RCV and its members.

In 2017 five rural councils submitted applications to the Essential Services Commission for a higher rate cap from 1 July 2017, mostly for multi-year periods.

Four were approved, with two higher rate caps being approved for the permissible four-year period.

3.3 Proposed valuation changes

In June 2017, the State Government proposed changes to the frequency of rate valuations in the State Taxation Acts Amendment Bill without consulting RCV or any other local government stakeholders.

Part 9 of the Bill proposes changes to the *Valuation of Land Act 1960* that would see land valuations for rating and tax purposes undertaken annually rather than every two years.

On behalf of Victoria's 38 rural councils, we voiced our concerns that the switch to annual valuations could further jeopardise the financial sustainability of Victoria's small rural councils.

Rural councils can't absorb the costs associated with annual property valuations especially after the introduction of rate capping in 2016. It would be another burden on councils with small rate bases that are facing increasing cost pressures to maintain local roads, bridges and other essential community services.

As an alternative, we want to push the State Government to consider four-year valuations for rural councils.

Four-yearly valuations could save rural councils the equivalent of a one to two per cent rate increase. Those councils could reinvest that money back into local services or vital road upgrades.

We're calling on the State Government to listen to what rural councils have to say.



4

Sustainable rural communities

4.1 Attracting and retaining people in rural Victoria

This year we have embarked on a project which aims to determine drivers and barriers to population

attraction and retention, relevant to Victorian rural communities. The project will identify a priority set of initiatives for implementation over three years consistent with our role, mandate and capacity. It will also identify opportunities that exist to influence state government policy and programs.

Over time this project will support rural communities in building capacity and improving performance in attracting and retaining people and businesses in rural areas.

Rural Victorian communities face a range of opportunities and challenges in a rapidly changing world where some significant forces are at work, including:

- Globalisation and the rise of Asia
- Changing demographics
- Rapidly changing technology
- Climate change

Issues of long-term population decline, ageing and changes brought about by shifts in patterns of agricultural production and technology represent both challenges and opportunities for rural Victorian towns and regions. We have a clear role to play in supporting rural councils and their communities in responding to the challenges and taking advantage of the opportunities.

The draft Population Attraction and Retention Strategy, commissioned for the Rural Victorian Communities project, has been developed by Densch McClean

Carlson. The strategy is being finalised and will help set the agenda for the next three years.

The preliminary drafts are based on a detailed review of population and economic trends in rural Victoria, as well as population attraction and retention strategies in Australia, the USA, Canada and Scotland.

When finalised it will be a key milestone in determining the drivers and barriers to population attraction and retention and economic development in rural Victoria. It will provide a road map of projects for RCV to progress over coming years.

4.2 Minimum set of services

RCV has agreed to deliver the Rural Living Campaign (RLC), establishing RLC as a sub-committee of RCV and allocating up to \$100,000 to continue its work.

The Rural Living Campaign originated at Buloke Shire Council and was originally an alliance of 20 councils (including 15 rural councils). The campaign is seeking to have all levels of government agree to the proposition that all Victorians should be entitled to a minimum set of services.

This has come about because of the vast disparities in the services available to rural communities compared to their metropolitan cousins.

As agricultural efficiency increases and population of rural areas consequently declines, the capacity of those communities to fund an acceptable standard of living has deteriorated. Many rural councils are becoming unsustainable and many, like Buloke, have had to reduce their services to an unacceptable level in order to survive.

Rural Councils Victoria will work closely with Rural Living Campaign members to seek

more sustainable funding structures that enable a minimum service level for all Victorians, no matter where they live.

4.3 Understanding Social Enterprise workshops

During the next three years, Australian Centre for Rural Entrepreneurship (ACRE) is working in partnership with RCV to deliver cross-sector learning workshops across member councils.

These facilitated workshops deliberately bring together cross-sector leaders from government, community, education and business to learn about social enterprise.

Building social and economic capital simultaneously has been a key to community re-generation in the northern hemisphere.

The Understanding Social Enterprise learning workshops are a practical two-day program that introduce participants to the objectives, purpose, theories and practice of social enterprise.

The outcome of the workshop is to get local cross-sector leaders on the same page about the potential of using social enterprise as a vehicle to support economic and community development.

Importantly, at the same time, starting the journey towards developing an enabling environment to support the ideas of the next generation.

These workshops will be delivered during the next three years with workshops to be delivered across the state from September 2017.



4.4 Peri Urban Economic Development Strategy

RCV is pleased to partner with the Peri Urban Group of Rural Councils (PUGRC) which advocate for Victorian peri urban support and solutions at local, state and national level.

The PUGRC are a key part of Victoria's growth response outside of the metropolitan growth areas and the Regional Cities.

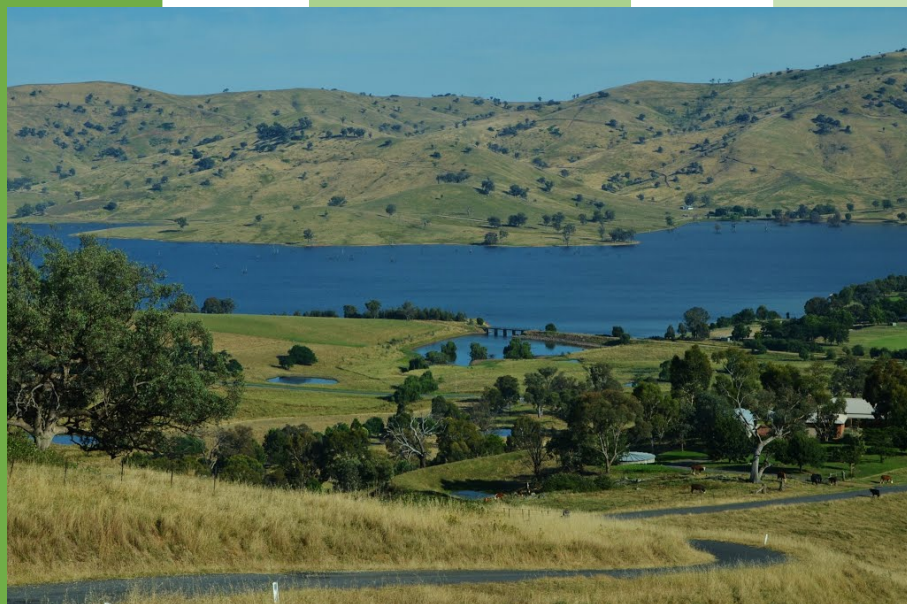
Additionally, they contain a significant component of Victoria's tourism assets, recreation opportunities, water catchments and productive agricultural areas.

To successfully manage the population growth and visitor populations, the Peri

Urban region is developing an overarching strategy which will identify suitable employment and investment opportunities and the required infrastructure projects for the region. The project will be developed with the support of Rural Councils Victoria.

The objective of the strategy will be to enable cohesive, whole of government planning and the sharing of significant infrastructure which would reduce unnecessary duplication across the region. Additionally, the Strategy will enable both Local and State Government to have a clear and comprehensive understanding of the strategic requirements for the region.

The project commenced early in 2017 and is expected to be completed by early 2018.



Year in review



Our future focus

We will continue to support our members and investigate the long-term effects of rate capping and cost-shifting on rural councils in Victoria. In November 2016 the Victorian Auditor-General reported that financial sustainability issues are emerging for rural councils.

We've known this for some time and have been advocating for a number of years for greater financial support, which was the catalyst for the bid for the ongoing Rural Community Support Fund from the State Government.

Increased support from the State Government is vital to continuing service delivery, to keeping libraries open, to maintaining safety at school crossings, managing environmental weeds and pests, and building and maintaining roads and bridges.

The budget included some significant improvements for roads and rail which we hope will go a long way to giving Victorians better and safer access to regional and rural

areas, and we applaud the government on these commitments, but they don't help rural councils to deliver essential services and infrastructure to its communities.

2017-2018 deliverables:

1. Population attraction and retention strategies for rural Victorian communities, including development of a Rural Population Strategy and a Workforce Development Plan;
2. Economic development strategy for rural and peri-urban councils;
3. Targeting the 2018-2019 State Budget and the November 2018 State Election and requesting greater funding support for services and infrastructure for rural communities;
4. Social enterprise workshops with Australian Centre for Rural Entrepreneurship (ACRE) across member councils from September 2017 through to 2019; and
5. RCV Summit 2018.

Our financial summary



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INCOME STATEMENT

For the period ended 30 June 2017

	Note	2017 \$
Revenue from operations		
Grant income		918,176
Membership income		114,000
Contributed income - pre incorporation body		111,016
Total revenue from operations		1,143,192
Expenses from operations		
Materials and services		505,443
Total expenses from operations		505,443
Surplus		637,749
Other comprehensive income		-
Total comprehensive income for the period	3	637,749

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

BALANCE SHEET

As at 30 June 2017

	Note	2017 \$
Assets		
Current assets		
Cash and cash equivalents		514,083
Trade and other receivables		171,600
Total current assets		685,683
Total assets		685,683
Liabilities		
Current liabilities		
Trade and other payables		-
Other payables	2	47,934
Total current liabilities		47,934
Total liabilities		47,934
Net assets		637,749
Equity		
Accumulated surplus		637,749
Total equity		637,749

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

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2017

	Note	Retained earnings \$
Balance at the beginning of the period (1 July 2016)		-
Surplus for the period		637,749
Balance at the end of the financial period		637,749

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

STATEMENT OF CASH FLOWS

For the period ended 30 June 2017

	Notes	2017 Inflows/ (Outflows) \$
Cash flows from operating activities		
Receipts from operating activities (inclusive of GST)		971,592
Payments to suppliers and employees (inclusive of GST)		(457,509)
Net cash provided by/(used in) operating activities		514,083
Cash flows from investing activities		
Payments for investments		-
Net cash provided by/(used in) investing activities		-
Cash flows from financing activities		
Payments for financing		-
Net cash provided by/(used in) financing activities		-
Net increase/(decrease) in cash and cash equivalents		514,083
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period		514,083

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ending 30 June 2017

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 funding is committed by way of a funding agreement.

Council contributions are recognised at the time members 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) Comparative figures

This is the Association's first year of trade. There are no comparative figures for the 2015/16 financial year.

h) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ending 30 June 2017

Note 2: Other payables

	2017 \$
GST liability	43,134
Other payables	4,800
Total other payables	47,934

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ending 30 June 2017

Note 3: Income statement - Member detail			
	Government funding	Member funding	Total
	\$	\$	\$
Income			
Grant funding - Stronger Rural Councils Initiative (SRCI)	918,176	-	918,176
Council membership fees	-	114,000	114,000
Contributed income - pre incorporation body	-	111,016	111,016
Total income	918,176	225,016	1,143,192
Expenses			
Workstream 1: RCV governance, networking and communications			
- Rural summit	5,675	3,500	9,175
- Mayors, CEOs and Councillors Forum	11,678	-	11,678
- Secretariat services	148,003	-	148,003
- Governance costs	19	-	19
- Committee expenses	1,446	-	1,446
- Communication tools	3,457	-	3,457
	170,278	3,500	173,778
Workstream 2: Sustainable rural councils			
- Shared services and collaboration	861	-	861
- Build the evidence base	4,000	-	4,000
	4,861	-	4,861
Workstream 3: Sustainable rural communities			
- Foundation project - brief	10,000	-	10,000
- Foundation project - detail	40,554	-	40,554
- Rural Living Campaign - brief	9,000	-	9,000
- Understanding social enterprise workshops	147,250	-	147,250
	206,804	-	206,804
Advocacy			
- Consultants - advocacy	-	80,000	80,000
- Consultants - advocacy (pre incorporation)	-	40,000	40,000
	-	120,000	120,000
Total expenses	381,943	123,500	505,443
Surplus for the year	536,233	101,516	637,749

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ending 30 June 2017

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

2017
\$

-
-
-
-

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
- Reimbursement paid to Pyrenees Shire Council for invoices paid on behalf of RCV (pre incorporation)
- Services rendered from Borough of Queenscliffe (pre incorporation)
- Services rendered from Baw Baw Shire Council (pre incorporation)
- Services rendered from Loddon Shire Council (pre incorporation)

148,000
43,500
9,600
4,800
4,000

209,900

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 commencing 1 July 2016.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ending 30 June 2017

Note 5: Reconciliation of cash flows from operating activities with net current year surplus/(deficit)

	2017 \$
Net current year surplus	637,749
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable and other debtors	(171,600)
Increase/(decrease) in accounts payable and other payables	47,934
Net cash provided by/ (used in) operating activities	514,083

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ending 30 June 2017

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 139: *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 balance sheet.

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

At there are no investments or borrowing 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: Contributed income

Rural Councils Victoria Incorporated, as an incorporated entity, is the formalisation of a consultative group of Councils operating with the Municipal Association of Victoria (MAV). At the time of incorporation, MAV transferred a net amount of \$111,016 held on behalf of the group to Rural Councils Victoria Incorporated.

The amount transferred has been recognised via the income statement

Note 8: Events occurring after reporting date

There were no material matters or circumstances which have arisen between 30 June 2017 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 9: Contingent assets or liabilities

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

Note 10: Commitments

The Committee are not aware of any capital 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 20 to 29 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 2017.

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 Robert Gersch (Chair)
Dated this day 17 October 2017



Ms Juliana Phelps (Secretary)
Dated this day 17 October 2017