

## **SPECIAL COUNCIL MEETING**

# **AGENDA**

**12 OCTOBER 2016**

**at 4pm**

**COPACC**



### *Our Vision*

Council will work together with our community to create a sustainable, vibrant future.

### *Our Mission*

Council will work in partnership with our community and other organisations to provide:

- Effective leadership, governance and financial accountability
- Affordable and effective services
- An advocacy and engagement approach to sustainably grow our community

### *Our Values*

Council will achieve its Vision and Mission by acting with:

- Respect
- Integrity
- Goodwill
- Honesty
- Trust

### *Our Strategic Direction*

The four pillars of our Council Plan indicate our key strategic direction for 2013-2017.

An underlying principle in the development of the Council Plan was to more effectively integrate service delivery.

Pillar 1: Good Governance

Pillar 2: A Planned Future

Pillar 3: A Place to Live and Grow

Pillar 4: A Healthy Community and Environment

### *Our Councillors*

Cr Frank Buchanan (Mayor), Cr Brian Crook, Cr Michael Delahunty, Cr Stephen Hart, Cr Lyn Russell, Cr Chris Smith, Cr Terry Woodcroft (Deputy Mayor).





**COLAC OTWAY SHIRE SPECIAL COUNCIL MEETING**

**12 OCTOBER 2016**

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NOTICE is hereby given that the next **SPECIAL COUNCIL MEETING OF THE COLAC OTWAY SHIRE** will be held in COPACC on 12 October 2016 at 4pm.

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## **AGENDA**

### **1. I DECLARE THIS MEETING OPEN**

#### **OPENING PRAYER**

*Almighty God, we seek your blessing and guidance in our deliberations on behalf of the people of the Colac Otway Shire. Enable this Council's decisions to be those that contribute to the true welfare and betterment of our community.*

**AMEN**

### **2. PRESENT**

Cr Frank Buchanan (Mayor)  
Cr Brian Crook  
Cr Michael Delahunty  
Cr Stephen Hart  
Cr Lyn Russell  
Cr Chris Smith  
Cr Terry Woodcroft

Sue Wilkinson, Chief Executive Officer  
Mark Lyons, General Manager, Corporate Services  
Ingrid Bishop, General Manager, Infrastructure and Services  
Heather Johnson, Acting General Manager, Development and Community Services  
Jenny Wood, Manager, Governance and Customer Service

### **3. APOLOGIES**

### **4. MAYORAL STATEMENT**

Colac Otway Shire acknowledges the original custodians and law makers of this land, their elders past and present and welcomes any descendents here today.

I ask that we all show respect to each other and respect for the office of an elected representative.

All Council and Committee meetings are audio recorded, with the exception of matters identified as confidential items in the Agenda. This includes the public participation sections of the meetings.

Audio recordings of meetings are taken to facilitate the preparation of the minutes of open Council and Committee meetings and to ensure their accuracy.

In some circumstances a recording will be disclosed to a third party. Those circumstances include, but are not limited to, circumstances, such as where Council is compelled to disclose an audio recording because it is required by law, such as the Freedom of Information Act 1982, or by court order, warrant, or subpoena or to assist in an investigation undertaken by the Ombudsman or the Independent Broad-based Anti-corruption Commission.

Council will not use or disclose the recordings for any other purpose. It is an offence to make an unauthorised recording of the meeting.

The sole purpose of the Special Meeting is to consider and receive the Colac Otway Shire 2015/2016 Annual Report.

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## **5. QUESTION TIME**

Thank you. At every Special Meeting, a public question time not exceeding 30 minutes will be held to enable any member of the public to question Council but only on items included in the Agenda of that Special Meeting.

Please remember, you must ask a question. If you do not ask a question you will be asked to sit down and the next person will be invited to ask a question. This is not a forum for public debate or statements.

1. Questions received in writing prior to the meeting (subject to attendance and time).
2. Questions from the floor.

## **6. DECLARATION OF INTEREST**

**SC161210-1 2015/2016 ANNUAL REPORT**

AUTHOR:	Margaret Giudice	ENDORSED:	Mark Lyons
DEPARTMENT:	Corporate Services	FILE REF:	11/95771

**Purpose**

To consider and receive the 2015/16 Annual Report which outlines Council's achievements over the past 12 months.

**Declaration of Interests**

No officer declared an interest under the *Local Government Act 1989* in the preparation of this report.

**Background**

Council is required under Section 131 of the *Local Government Act 1989* to annually prepare a report in the prescribed format.

The 2015/2016 Annual Report was prepared to reflect the governance, operations and achievements of the Colac Otway Shire Council for the reporting period.

S.134 of the *Act* requires Council to "*consider the annual report at a meeting of the Council*". The meeting must be held as soon as practicable but within the time required by the *Local Government (Planning and Reporting) Regulations 2014*, this being "*within one month*", after the Council has sent the annual report to the Minister or prior to election day in an election year. The Annual Report was sent to the Minister on 29 September 2016.

The meeting to consider the Annual Report is required to be an open meeting and 14 days' notice of the meeting must be given. The necessary statutory advertising has been undertaken and, as required by the *Act*, copies of the report have been made available from Customer Service Centres and Libraries in Colac and Apollo Bay. In addition the Annual Report is available on Council's website at [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au).

**Council Plan / Other Strategies / Policy**

**Good Governance**

Means we care about and are responsive to the community, encourage democratic participation and involve people in decisions that affect them. We strive for excellence in financial management and council services, and always look for better ways to do things.

*Our Goal:*

Ensure transparency of governance practices, the capability of our organisation and effective resource management.

**Issues / Options**

The preparation of the Annual Report is a statutory requirement of Council. It is a key performance report to the community against the targets set at the beginning of the year. It includes a report on the financial operations for the period, supported by the audited financial statements.

This is the third year reporting against the 2013-2017 Council Plan.

## Structure of the Annual Report

The report is structured in several sections as follows:

- The report of operations section includes:
  - Council's vision, mission, values and strategic direction, the year in review, calendar of events, services to the community, the Shire profile, the message from the Chief Executive Officer, the Chief Financial Officer's report, major projects, details of the Executive Management Team, the organisational structure and staff overview, and the Sustainability Report.
  - The Performance section reports against the Key Result Activities detailed in the Council Plan plus additional core activities. It also contains the Local Government Performance Reporting Framework (LGPRF) indicators in the prescribed format. The performance section is structured on the four Pillars of the Council Plan:
    - Good Governance
    - A Planned Future
    - A Place to Live and Grow
    - A Healthy Community and Environment
  - The Democratic and Corporate Governance sections note the separation of roles and reports on Council's statutory compliance requirements. It also includes the LGPRF Governance and Management Checklist in the prescribed format.
- The Financial Reporting section provides performance details for 2015/16 and comparisons of key indicators over a 5 year period. A guide to understanding the financial statements precedes the audited Financial Statements and Performance Statement.
- The report ends with other information including Acronyms and Definitions, an Index and Council contact details.

## Key Highlights achieved in 2015/16

### Good Governance

- Bushfire response and recovery works in progress for our Wye River and Separation Creek communities.
- Gold award received from the Australasian Reporting Awards for Council's 2014/15 Annual Report.
- Significant work undertaken to improve management of Council's property portfolio.

### A Planned Future

- Streamlined planning controls facilitate rebuilding in Wye River and Separation Creek.
- Exhibition of large scale planning scheme amendment, C86, includes the rezoning of additional industrial land to support the expansion of some of Colac's largest employers.
- Regional partnerships have developed high quality evidence-based digital marketing campaigns that sell our region to the world.
- Lobbied successfully for \$975,000 for the CBD & Entrances project.

### **A Place to Live and Grow**

- Bluewater leisure centre aquatics and gymnasium facilities reopened after being closed for major redevelopment for the past two years, with a 40% increase in membership.
- Innovation in tendering for the Contract Works Program reaps savings in costs and officer time.
- Council a finalist in the Australian Performing Arts Drover Award.

### **A Healthy Community and Environment**

- Two new Rain Filtration Gardens were installed, preventing pollutants from entering Colac's waterways.
- CrossXPollination festival of textile and fibre art a resounding success, with over 1,000 people attending.
- The crèche at Bluewater leisure centre engaged children in environmental education through play.

The draft Financial Statements and the Performance Statement were considered by the Audit Committee on 6 September 2016 and by Council at the Ordinary Council Meeting held on 19 September 2016.

The Auditor General has issued a clear audit opinion on the Financial Statements and the Performance Statement.

The report was submitted to the Minister for Local Government by the legislated date of 30 September 2016.

The 2015/16 Annual Report has been displayed at Council's Customer Service Centres at 2 Rae Street, Colac and 69 Nelson Street, Apollo Bay and at the Colac and Apollo Bay libraries. The Report is also available on Council's website at [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au).

Council is required by legislation to consider the 2015/16 Annual Report.

### **Proposal**

That Council consider and receive the 2015/2016 Annual Report.

### **Financial and Other Resource Implications**

The preparation and cost of printing the Annual Report is within budget allocations. Hard copies of the annual report will be available to meet statutory, administrative and community needs. The professionally designed document will be available on Council's website in November 2016.

### **Risk Management & Compliance Issues**

In completing the 2015/16 Annual Report in the prescribed format, Council has met the compliance obligations required by the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* namely:

- The Annual Report was submitted to the Minister for Local Government within three months of the end of the financial year; on 29 September, 2016.
- The Annual Report contains audited performance and financial statements as well as meeting other statutory requirements.
- The report was made available for public inspection after it was sent to the Minister. Copies of the report were on display from Thursday, 29 September at Council's

Customer Service Centres and libraries in Colac and Apollo Bay. The Report is also available on Council's website.

- The Annual Report must be considered at a meeting of the Council within one month of being submitted to the Minister or prior to the election day in an election year. Advertising has occurred stating that the Report will be considered at the Council Special Meeting to be held at Council Chambers in Colac on 12 October 2016.

### **Environmental and Climate Change Considerations**

In consideration of the environmental and sustainability principles of Council, the Annual Report is distributed primarily via Council's website. This is to reduce the amount of hard copy prints of the report. Other environmental considerations of Council are documented in the Annual Report.

### **Community Engagement**

The community engagement strategy follows the recommendations of the Colac Otway Shire Council Community Engagement Policy of July 2013, which details five levels of engagement – inform, consult, involve, collaborate and empower.

Council officers provided information during the development of the report and Councillors were issued with a draft copy of the governance section for comments prior to finalisation of the report.

Copies of the report were available for viewing by the community and stakeholders from Thursday, 29 September 2016 at Council's customer service centres, libraries and on Council's website.

### **Implementation**

Copies of the 2015/16 Annual Report will continue to be available at Council's customer service centres, libraries and on Council's website.

### **Conclusion**

The Annual Report is an important document for Council in that it provides the community access to information about Council's financial and operational performance. It also provides an opportunity for Council to showcase its achievements and indicate the challenges that have been faced over the past 12 months.

The 2015/16 Annual Report confirms that Council, in addition to its obligations under Section 131 of the *Local Government Act 1989* and Part 4 of the *Local Government (Planning and Reporting) Regulations 2014*, has made significant advances towards achieving the strategies and key activities in the Council Plan, plus additional core activities. Financial indicators identify that Council is in a solid financial position.

Overall, 2015/16 was a successful year for Council and the community. This resulted from the strong direction of Council and the dedication and professionalism of staff. Many of the achievements were met in partnership with the community and volunteers, further enhancing Council's links to our community.

### **Attachments**

1. 2015-2016 Colac Otway Shire Annual Report

**Recommendation**

***That Council:***

- 1. Notes the Annual Report was submitted to the Minister for Local Government by 30 September 2016 as required.***
- 2. Considers and receives the 2015/16 Annual Report as presented to this meeting in accordance with Sections 131 and 134 of the Local Government Act 1989 and Part 4 of the Local Government (Planning and Reporting) Regulations 2014.***
- 3. Notes the Auditor's unqualified reports on the Financial Statements, and Performance Statement.***

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# Colac Otway Shire Annual Report 2015 – 2016

*'Resilient, agile service delivery for our communities'*



## About this Annual Report

Our report documents Colac Otway Shire Council's performance during 2015/16 against the Council Plan and the 2015/16 Budget. This is the third year of reporting against the 2013-2017 Council Plan. Our Council Plan has four Key Result Areas guiding the growth and development of our municipality:

- Good Governance
- A Planned Future
- A Place to Live and Grow
- A Healthy Community and Environment

Our report highlights achievements and challenges in key operational areas, provides comprehensive corporate governance information as well as detailed audited financial statements.

Transparent reporting and accountability are core values of Colac Otway Shire and a rigorous assessment of Council's performance ensures these values are upheld.

### Readership

Our report caters for a wide readership including the general community, ratepayers, local businesses, visitors, investors, government agencies and other interested parties. The report also provides council staff with an overall picture of the way we have performed and how they have contributed to the community during the year.

To obtain a copy of our report, please contact Council's Customer Service Centre on (03) 5232 9400 at 2-6 Rae Street, Colac or view a copy online at: [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)

### Feedback

The content of the annual report is reviewed each year and is guided by best practice in reporting and local government requirements.

Your feedback is invited via email: [inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au) or by letter to:

Chief Executive Officer  
PO Box 283  
Colac Vic 3250

## Our Vision

A sustainable community with a vibrant future

## Our Mission

Council will work with our community and partners to provide:

- Innovative leadership, good governance and financial accountability
- Value for money, accessible and appropriately targeted services
- A strong advocacy and engagement approach to achieve a truly liveable community

## Our Values

Council will achieve its Vision and Mission by acting with:

- Respect
- Integrity
- Goodwill
- Honesty
- Trust

## Our Strategic Direction

The four pillars of our Council Plan inform our key strategic direction for 2013-2017. An underlying principle in the development of the Council Plan was to more effectively integrate service delivery.

Pillar 1: Good Governance

Pillar 2: A Planned Future

Pillar 3: A Place to Live and Grow

Pillar 4: A Healthy Community and Environment

Specific objectives and strategies for each of the key directions (Council Plan 'pillars') introduce the relevant sections of the performance section of this report.

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## Our Report Theme: Resilient, agile service delivery for our communities

On Christmas Day a bushfire ravaged the communities of Wye River and Separation Creek. As a result of excellent planning by the local community, Council and Emergency Service agencies, no-one was injured. However, 109 houses were lost, a number of which belonged to permanent residents.

Since Christmas Day, Council has taken a lead role, working in partnership with other levels of Government and advocating for its community to assist the recovery process. Council's priority is to support the community to strengthen its resilience and assist in driving a renewal process that leaves a lasting legacy for both communities. Council staff worked tirelessly for the community, supported by more than 100 people from other councils.

By the end of January Council had successfully secured funding from the State Government for two community support workers to work side-by-side with the community to assist them with day-to-day issues. At the request of Council, the Department of Environment, Land, Water and Planning introduced new streamlined planning controls. Our innovative approach included the establishment of one-stop-shops in Apollo Bay, Wye River and Melbourne, set up to expedite the permit approval process to ensure property owners could rebuild as quickly as possible. The first planning permit was issued in June and construction has started.

In addition to this, Council and Emergency Management Victoria established the Community Resilience Committee, co-chaired by the Colac-Otway Shire Mayor and a local community member. The committee includes eight community members, who, along with a number of sub-groups, have provided an important reference point in the recovery process.

To deal with the challenge presented by a high percentage of Melbourne-based property owners, Council established a partnership with Yarra City Council, which makes the Richmond Town Hall regularly available for community meetings as well as One Stop Shop meetings. Community meetings are also held in Wye River and a newsletter is distributed to the affected communities weekly.

## The Year in Review

| <p><b>Good Governance</b><br/>For more information see page 41.</p>                                                                                                                    | <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>Bushfire response and recovery works in progress for our Wye River and Separation Creek communities.</li> <li>Gold award received from the Australasian Reporting Awards for Council's 2014/15 Annual Report.</li> <li>Significant work undertaken to improve management of Council's property portfolio.</li> </ul>                                                                                                                                                                                              | <p><b>The Year Ahead</b></p> <ul style="list-style-type: none"> <li>Repair of bushfire damaged infrastructure utilising State Government funding.</li> <li>Installation of new drainage at Wye River and Separation Creek.</li> <li>Continued support to private land owners seeking to rebuild their homes through the one stop shop service.</li> <li>Induction of newly elected Councillors.</li> <li>Enhancement to the quality and accuracy of Council's asset data.</li> <li>Development of strategic documents for the management of Council's diverse property portfolio.</li> <li>Continued preparation of Asset Management Plans for key community infrastructure asset types.</li> </ul> |                    |                    |                    |            |          |    |    |    |         |    |    |    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|------------|----------|----|----|----|---------|----|----|----|
|                                                                                                                                                                                        | <p><b>Disappointments</b></p> <ul style="list-style-type: none"> <li>Significant fire emergency affecting our coastal communities during December 2015 and January 2016.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                    |                    |                    |            |          |    |    |    |         |    |    |    |
|                                                                                                                                                                                        | <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Rebuilding infrastructure damaged in the bushfires.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                    |                    |                    |            |          |    |    |    |         |    |    |    |
| <p><b>A Planned Future</b><br/>For more information see page 46.</p>                                                                                                                   | <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>Streamlined planning controls facilitate rebuilding in Wye River and Separation Creek.</li> <li>Exhibition of large scale planning scheme amendment, C86, includes the rezoning of additional industrial land to support the expansion of some of Colac's largest employers.</li> <li>Regional partnerships have developed high quality evidence-based digital marketing campaigns that sell our region to the world.</li> <li>Lobbied successfully for \$975,000 for the CBD &amp; Entrances project.</li> </ul> | <p><b>Overall Performance of Council</b></p> <table border="1"> <thead> <tr> <th></th> <th>Colac Otway Shire</th> <th>Large Rural Shires</th> <th>State-wide</th> </tr> </thead> <tbody> <tr> <td>*2014/15</td> <td>53</td> <td>56</td> <td>60</td> </tr> <tr> <td>2015/16</td> <td>48</td> <td>54</td> <td>59</td> </tr> </tbody> </table> <p>Results are an indexed mean; highest score is 100</p>                                                                                                                                                                                                                                                                                                |                    | Colac Otway Shire  | Large Rural Shires | State-wide | *2014/15 | 53 | 56 | 60 | 2015/16 | 48 | 54 | 59 |
|                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Colac Otway Shire  | Large Rural Shires | State-wide         |            |          |    |    |    |         |    |    |    |
|                                                                                                                                                                                        | *2014/15                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 53                 | 56                 | 60                 |            |          |    |    |    |         |    |    |    |
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| <p><b>Disappointments</b></p> <ul style="list-style-type: none"> <li>Reduced farm gate prices in the dairy industry impacted investment for new milk processing facilities.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                    |                    |                    |            |          |    |    |    |         |    |    |    |
| <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Ongoing improvements to the services provided by the Planning Department.</li> </ul>                                   | <p><b>The Year Ahead</b></p> <ul style="list-style-type: none"> <li>Progress to complete the Colac 2050 plan.</li> <li>Pursuing the adoption of Amendment C86 and the associated Colac Township Economic Development, Commercial and Industrial Land Use Strategy.</li> <li>Development of a 'cutting red tape' amendment to reduce the number of planning permits required and to make the process easier.</li> <li>Completion of the Economic Development Strategy</li> <li>A review of the Small Town Infrastructure Program.</li> </ul>                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                    |                    |                    |            |          |    |    |    |         |    |    |    |
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Source: Local Government Community Satisfaction Survey 2016, Department of Planning and Community Development, prepared by JWS Research.

\* Local Government Victoria altered the definitions of councils included in the category 'Large Rural Shires' in the 2015 survey. As such, we were advised that results for previous years are not directly comparable and cannot be included.

| <p><b>A Place to Live and Grow</b><br/>For more information see page 51.</p>            | <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>Bluewater leisure centre aquatics and gymnasium facilities reopened after being closed for major redevelopment for the past two years, with a 40% increase in membership.</li> <li>Innovation in tendering for the Contract Works Program reaps savings in costs and officer time.</li> <li>Council a finalist in the Australian Performing Arts Drover Award.</li> </ul> | <p><b>The Year Ahead</b></p> <ul style="list-style-type: none"> <li>Completion of the Central Reserve Redevelopment project.</li> <li>Completion of the Arts and Culture Strategy.</li> <li>Full commissioning of the Bluewater leisure centre including stadium operations.</li> <li>Deliver of the CBD &amp; Entrances upgrade works.</li> <li>Increase informal use of COPACC through the introduction of WiFi for the community and business event clients, along with daily newspapers in the COPACC foyer.</li> </ul> |            |                   |                    |            |         |    |    |    |         |    |    |    |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------|--------------------|------------|---------|----|----|----|---------|----|----|----|
|                                                                                         | <p><b>Disappointments</b></p> <ul style="list-style-type: none"> <li>Issues associated with the delivery of the new stadium sports floor at Bluewater leisure centre delayed community access to the facility.</li> </ul>                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |                   |                    |            |         |    |    |    |         |    |    |    |
|                                                                                         | <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>The current lease for cinema services at COPACC concludes in 2016/17, requiring a new tenant who will provide ongoing benefits to Council and the community while remaining financially viable as a private operator.</li> </ul>                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |                   |                    |            |         |    |    |    |         |    |    |    |
| <p><b>A Healthy Community and Environment</b><br/>For more information see page 59.</p> | <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>Two new Rain Filtration Gardens were installed, preventing pollutants from entering Colac's waterways.</li> <li>CrossXPollination festival of textile and fibre art a resounding success, with over 1,000 people attending.</li> <li>The crèche at Bluewater leisure centre engaged children in environmental education through play.</li> </ul>                          | <p><b>The Year Ahead</b></p> <ul style="list-style-type: none"> <li>Wye River and Separation Creek weed control and revegetation recovery project.</li> <li>Development of a Climate Adaptation Plan in partnership with eight other councils.</li> <li>Delivery of the annual Capital Works program</li> <li>Development of the 10 year Capital Works Program</li> </ul>                                                                                                                                                   |            |                   |                    |            |         |    |    |    |         |    |    |    |
|                                                                                         | <p><b>Disappointments</b></p> <ul style="list-style-type: none"> <li>Lake Colac dried again in early 2016. To prevent a large fish death event Council investigated preventative measures; however options have been cost prohibitive.</li> </ul>                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |                   |                    |            |         |    |    |    |         |    |    |    |
|                                                                                         | <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Implementation of many of the actions in the Lake Colac Foreshore Master Plan will require funding from the State or Federal Governments.</li> </ul>                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |                   |                    |            |         |    |    |    |         |    |    |    |
|                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>Family Support Services</b></p> <table border="1"> <thead> <tr> <th></th> <th>Colac Otway Shire</th> <th>Large Rural Shires</th> <th>State-wide</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>68</td> <td>67</td> <td>67</td> </tr> <tr> <td>2015/16</td> <td>67</td> <td>64</td> <td>66</td> </tr> </tbody> </table>                                                                                                                                                                                         |            | Colac Otway Shire | Large Rural Shires | State-wide | 2014/15 | 68 | 67 | 67 | 2015/16 | 67 | 64 | 66 |
|                                                                                         | Colac Otway Shire                                                                                                                                                                                                                                                                                                                                                                                                                           | Large Rural Shires                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | State-wide |                   |                    |            |         |    |    |    |         |    |    |    |
| 2014/15                                                                                 | 68                                                                                                                                                                                                                                                                                                                                                                                                                                          | 67                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 67         |                   |                    |            |         |    |    |    |         |    |    |    |
| 2015/16                                                                                 | 67                                                                                                                                                                                                                                                                                                                                                                                                                                          | 64                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 66         |                   |                    |            |         |    |    |    |         |    |    |    |
|                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>Waste Management</b></p> <table border="1"> <thead> <tr> <th></th> <th>Colac Otway Shire</th> <th>Large Rural Shires</th> <th>State-wide</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>69</td> <td>68</td> <td>72</td> </tr> <tr> <td>2015/16</td> <td>65</td> <td>66</td> <td>70</td> </tr> </tbody> </table>                                                                                                                                                                                                |            | Colac Otway Shire | Large Rural Shires | State-wide | 2014/15 | 69 | 68 | 72 | 2015/16 | 65 | 66 | 70 |
|                                                                                         | Colac Otway Shire                                                                                                                                                                                                                                                                                                                                                                                                                           | Large Rural Shires                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | State-wide |                   |                    |            |         |    |    |    |         |    |    |    |
| 2014/15                                                                                 | 69                                                                                                                                                                                                                                                                                                                                                                                                                                          | 68                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 72         |                   |                    |            |         |    |    |    |         |    |    |    |
| 2015/16                                                                                 | 65                                                                                                                                                                                                                                                                                                                                                                                                                                          | 66                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 70         |                   |                    |            |         |    |    |    |         |    |    |    |

## Calendar of Events

### July, August, September

Council commenced an independent review of its planning department with a view to reducing red tape, as well as streamlining and accelerating the planning application process.

Council's Acting Mayor Brian Crook spoke at a Parliamentary Inquiry into unconventional gas, representing the community's strong stance against coal seam and other unconventional forms of gas extraction.

It was a case of 'not goodbye but see you later' when Great Ocean Road Visitor Information Centre volunteer Ria Oude-Meilink retired after more than a decade of welcoming visitors to Apollo Bay. Upon announcing her move to Melbourne to be closer to family, Ria made a commitment that she'd be available for shifts at GORVIC when she returned to Apollo Bay to visit friends.

Council agreed to donate land in Lavers Hill to the Country Fire Authority, paving the way for a community fire refuge to be built in the high-risk Otways town.

Gym enthusiasts became the first community members to use the redeveloped gym facilities at Bluewater leisure centre in mid-August, when the gym and dry program spaces were unveiled as part of a staged opening.

Colac Secondary College's Hana Day received Council's 2015 Young Ambassador Award. Hana was one of six students nominated for the award and stood out for her outstanding leadership and mentoring skills.

### October, November, December

A successful Rock Across the Ages Variety Show held at COPACC during National Seniors Week involved a mass choir and percussion performance featuring older people and groups from across the shire.

Council gave the green light to a Coles supermarket development in Colac, which will employ between 150 and 180 staff in full-time and part-time roles.

More than 100 tourism industry leaders experienced some of the best attractions on offer in the Otways, coast and hinterland during 'Otways Free Day', a special tour organised by Council.

Council signed the G21 Region Opportunities for Work (GROW) compact, an initiative to tackle disadvantage in the G21 region by bringing together philanthropic, business, government and community organisations to recognise that 'addressing disadvantage is everybody's business'.

The redeveloped aquatics facilities at Bluewater opened to the public as part of stage two of the leisure centre redevelopment. A community open day attracted hundreds of enthusiastic swimmers, who gave the new warm water pool, children's splash pad and upgraded amenities their seal of approval.

The community embraced the redeveloped Bluewater facilities, with memberships hitting 1,147 in November, surpassing the previous record for memberships which was achieved in February 2013.

Council's outlined plans to introduce a fast track planning service to speed up the processing time for minor planning applications.

The Christmas Day bushfires destroyed 109 homes in Wye River and Separation Creek, however residents and holidaymakers were praised for their swift evacuation of the seaside towns, which resulted in no losses of life.

A new Seasonal Compliance Officer started work on the coast to help improve parking turnover during the peak summer tourist season.



### January, February, March

Council welcomed the State Government's announcement of a \$2.75 million assistance package to help the Wye River and Separation Creek communities following the Christmas Day fires. The package included \$850,000 for the establishment of a one-stop-shop to provide community members with information and advice regarding clean up, planning and rebuilding. The funding came in response to a direct request from Council.

Council approved a \$405,000 rates relief package in response to the Christmas Day bushfires along the coast, waiving all 2015-16 rates for 109 developed properties that were destroyed in Wye River and Separation Creek.

Teacher, mentor and 'inspirational career guide' Denise Hooke became Colac Otway Shire's 2016 Australia Day Citizen of the Year.

Council approved the next stage of expansion for the Australian Lamb Company, paving the way for 125 new jobs and up to 20 per cent increase in throughput for the meat processor.

Bluewater Leisure Centre assisted three of Colac's most promising young athletes to achieve more in their sports, in partnership with the Barwon Sports Academy in Geelong, by delivering tailored strength training sessions for golfer Georgia Fish, and netballers Zara Walters and Annabelle Arnold.

Industry leaders and business owners gathered at COPACC to share their business experiences as part of the 'Secrets of My Success' forum, organised in partnership between Council and Crowe Horwath.

Council committed to a new approach to engaging and listening to young people following a review of its Youth Council program. One of the key changes is that Council will go directly into the schools, during school hours, to consult students on Council projects and upcoming decisions.

Council has welcomed a \$100,000 State Government grant for the redevelopment of tennis and netball facilities at Birregurra.

### April, May, June

Council's 2016-17 budget achieved the State Government's rate cap of 2.5 per cent while maintaining services and delivering an underlying surplus.

Three new customer-focussed Council websites were launched to make it easier for people to interact with Council, COPACC and Bluewater online.

Six Apollo Bay residents were appointed to a project control group to test the private sector's interest in investing in the Apollo Bay harbour redevelopment. The project control group will work with Council and government partners to develop an expression of interest process for the harbour which the private sector will then respond to.

Council joined forces with other councils to call for the state and federal governments to set up one-stop-shops to support dairy farmers in the wake of the dramatic cuts to farm gate milk prices.

Council confirmed that it would fix the Bluewater sports floor ahead of legal action to seek compensation, with a view to getting the community into the new stadium as soon as possible.

A new Code of Conduct was adopted by Council in response to a requirement from the State Government directing all councils to review their codes of conduct in accordance with new legislation. The new code outlines higher standards of conduct for all of our Councillors.

The transition of the Colac Library Annexe to the city's new library was completed.

## Services provided to our community

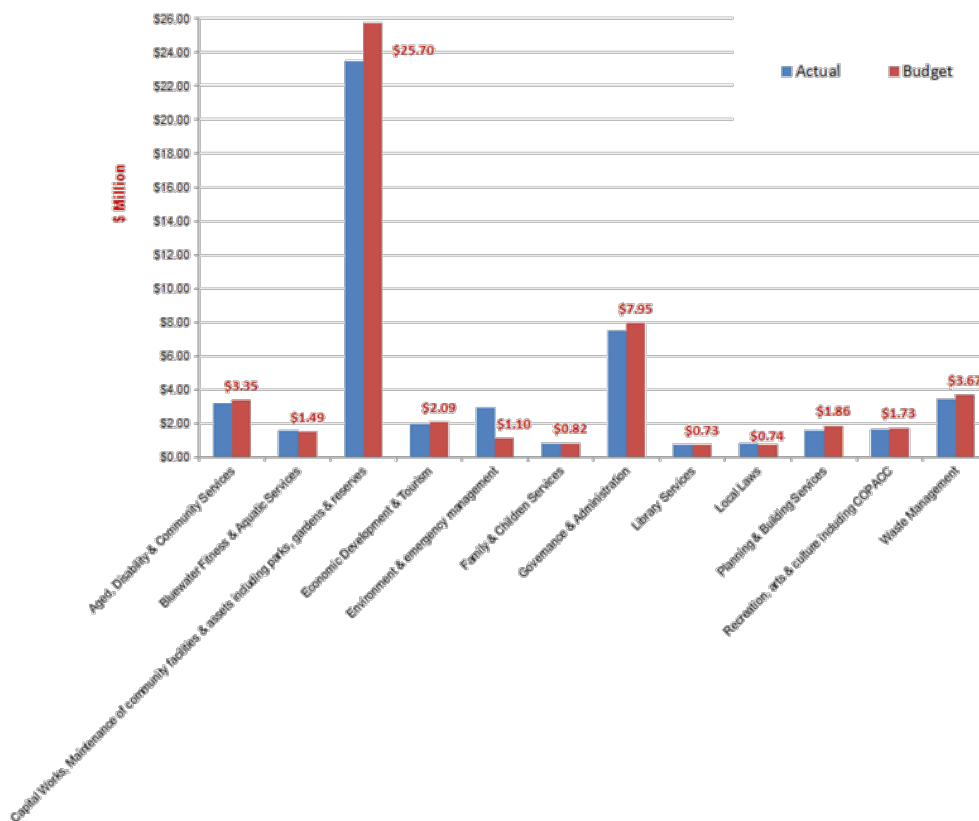
Colac Otway Shire, a large rural shire council, comprises 221 full time equivalent staff who, in approximately 46 teams, provide more than 90 different services and programs to the community.

Services cover a broad range of areas including aged care, leisure and culture, children, family and youth, libraries, major festivals and community events, communications, parks and open space, planning, roads, governance, waste and recycling, drains and footpaths.

It cost \$44.52 million to run the Colac Otway Shire Council in 2015/16. Total revenue of \$46.28 million comprising \$27.61 million in rate revenue, \$12.20 million in State and Federal Government grants and \$6.47 million in other revenue. The surplus of revenue over expenditure contributes to Council’s capital works program (see pages 22 and 54 for details). The grant money that Council receives enables a wide range of services to be delivered to the community.

A snapshot of the services provided by Council and their costs are shown in the graph below:

2015/16 Expenditure on Services

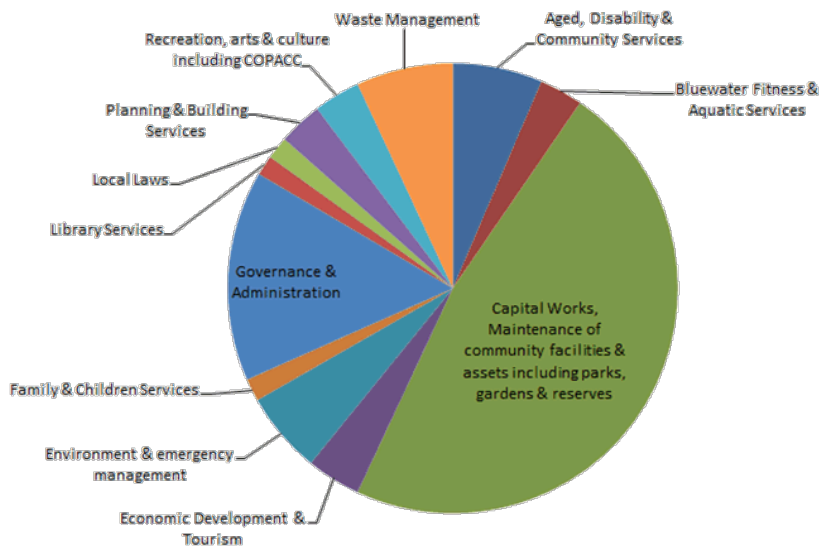




**Your rates at work**

A breakdown of the \$27.61 million in rate revenue for 2015/16 shows the cost of services provided per \$100 of rates. The figures include overheads but exclude depreciation.

| Service                                                                                         | For every \$100 Council spends it goes to... |
|-------------------------------------------------------------------------------------------------|----------------------------------------------|
| Aged, Disability & Community Services                                                           | \$6.45                                       |
| Bluewater Fitness & Aquatic Services                                                            | \$3.13                                       |
| Capital Works, Maintenance of community facilities & assets including parks, gardens & reserves | \$47.38                                      |
| Economic Development & Tourism                                                                  | \$3.89                                       |
| Environment & emergency management                                                              | \$5.87                                       |
| Family & Children Services                                                                      | \$1.63                                       |
| Governance & Administration                                                                     | \$15.13                                      |
| Library Services                                                                                | \$1.45                                       |
| Local Laws                                                                                      | \$1.63                                       |
| Planning & Building Services                                                                    | \$3.16                                       |
| Recreation, arts & culture including COPACC                                                     | \$3.35                                       |
| Waste Management                                                                                | \$6.94                                       |



## Our Shire Profile

### Our Location

As the gateway to the Great South Coast region we are situated about 160 kilometers south-west of the Melbourne CBD and approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west.



Colac Otway Shire has some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

The shire has two main townships; Colac, the largest and the major service town where most community support and health services, retail trade and manufacturing businesses are located, and Apollo Bay, which serves as the major tourism centre. Dotted throughout the shire are many small and historic towns with active community associations.



*Colac Otway Shire has been an unsubdivided municipality (no Wards) since March 2007.*

In the north of our shire much of the rural area is used for timber and agriculture, with farming, cropping and dairying being the main agricultural activities.

A drive south through Colac leads to the Otway Ranges, one of Australia’s most significant cool climate rainforest areas, home to towering trees and lush ferns. The Otways are important to the shire and the wider region for tourism, timber and water harvesting.

The lure of the Great Ocean Road, with its breathtaking scenic views is especially important to tourism, drawing local, interstate and international visitors to view its spectacular beauty.

### Our History

European settlement dates from 1837 when pastoralists settled near Lake Colac, with further development occurring over the following years as timber-getting and sawmills were established. The Apollo Bay township was established in the 1860s, with other coastal villages being settled by the 1880s.

The opening of the Great Ocean Road in 1932 gave greater access to coastal townships, with tourism spurring growth in the 1950s. Since the 1970s rural residential living has steadily increased in popularity.

### Our People

We have an Estimated Residential Population of 20,225, as at 30 June 2016. Approximately 87% of the Shire’s residents were born in Australia and of those born overseas; only 3% came from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 14.03 %, at an average annual change of 0.53%; however we expect this to increase once the dual highway to Geelong is completed as it will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

### Employment

The five major industry sectors are:

- Manufacturing (1,204 persons or 12.7%)
- Health Care and Social Assistance (1,197 persons or 12.6%)
- Agriculture, Forestry & Fishing (1,134 persons or 12.0%)
- Retail Trade (992 persons or 10.5%)
- Tourism (807 persons or 8.5%)

In combination, these five industries employed a total of 5,334 people or 56% of the employed resident population.

### Our Name

Colac Otway Shire came into being in 1994 when the shires of Colac and Otway were amalgamated.

Historically, Colac is thought to be named after the local Coladjin Aboriginal tribe that once lived in the area. The origin of Otway is revealed in the logbooks of The Lady Nelson, 1800, captained by Lieutenant James Grant where he notes on seeing the cape, '*I named it Cape Albany Otway (now Cape Otway) in honour of William Albany Otway, Esquire, Captain in the Royal Navy.*'

### Additional shire statistics

|                                 |                      |
|---------------------------------|----------------------|
| <b>Area</b>                     | 3,433 sq kilometres  |
| <b>Length of Local Roads</b>    | 1,619 kilometres     |
| Sealed                          | 557 km               |
| Unsealed                        | 1,062 km             |
| <b>Estimated Population</b>     | 20,225               |
| 0 – 4 years                     | 6.0%                 |
| 5 – 19 years                    | 19.4%                |
| 20 – 34 years                   | 14.8%                |
| 35 – 59 years                   | 34.0%                |
| over 60 years                   | 25.7%                |
| <b>Population born overseas</b> | 7.5%                 |
| <b>Population growth rate</b>   | -1.21%               |
| <b>Employment rate</b>          | 97% (full time, 57%) |
| <b>Rateable properties</b>      | 15,049               |
| <b>Coastline</b>                | 95 kilometres        |
| <b>Forest and National Park</b> | 110,000 hectares     |

#### Sources

Australian Bureau of Statistics Census 2011  
.id Consulting, Melbourne 2016

## CEO's Message



CEO Sue Wilkinson

*Welcome.*

*It is my pleasure to present our Annual Report for 2015-16, the third year of reporting against our 2013-2017 Council Plan.*

The past twelve months have very busy and eventful for the Colac Otway community and the organisation.

Despite the challenges of bushfires, the downturn in the dairy industry and responding to the introduction of rate capping, we have worked hard to build a culture of continuous improvement so as to lay a strong foundation for the future and to ensure our services meet the current and future needs of our community.

### Noteworthy outcomes include:

- Delivery of our Council Plan 2013-2017 commitments.
- Achieved organisational savings in response to rate capping while maintaining services, and delivering an underlying surplus.
- Continued strong advocacy to other levels of government for positive change and funding for Colac Otway Shire.
- Attracted funding for key strategic projects, including \$975,000 for the Colac CBD and Entrances project.
- Fostered and maintained partnerships with government, business and community organisations.

### Responding to the Christmas Day bushfires

Following the devastating 2015 Christmas Day fires in the coastal towns of Wye River and

Separation Creek, we welcomed the State Government's announcement of a \$2.75 million assistance package to help both communities.

The package included \$850,000 for a one-stop-shop to provide community members with information and advice regarding clean up, planning and rebuilding. The funding came in response to a direct request from Council.

Council also supported fire affected communities by approving a \$405,000 rates relief package in response to the bushfires.

Over the last nine months Council our priority has been to support the Wye River and Separation Creek communities and to drive a renewal process that leaves a positive and lasting legacy.

### New Council website launched

The new Council website was launched in April 2016.

Designed to be customer focussed and easy to use, we had our first online bill payment made by a resident inside the first 24 hours.

Within the first month of launching our website more than 6,500 users undertook more than 9,900 sessions, with 33,000 page views. Our top performers have been the jobs and tenders pages, the My Neighbourhood module (where people can look up their garbage collection days (mine is Thursday) and what facilities and events are in their area).

The website is responsive and adjusts to whatever device is being used, whether computer, mobile phone or tablet.

### Performance against the Council Plan

We made significant progress on Council Plan key projects, including the reopening of gym and aquatic facilities at Bluewater leisure centre.

One of the most significant planning policy reforms in Council's history was ushered in with the adoption of a new Domestic Wastewater Management Plan for the shire. The plan gives Council and water corporations more flexibility to consider planning

applications in water supply catchments and unsewered areas.

### Financial performance

I am proud that Council's financial position remains sound and that we achieved a low risk rating on most of the financial sustainability ratios, as measured by the Auditor General. Although some of our indicators are in the medium category for 2015/16, overall we believe we will remain in the low risk category for all Councils.

The actual operating surplus was \$1.76 million, which was below the budgeted surplus of \$4.80 million. Primary factors contributing to the decrease in the surplus are the receiving of grant funding in advance in 2014/15 (\$2.99 million) and expenditure incurred for bushfire recovery (\$1.70 million). See page 19 for additional information.

Revenue raised was \$46.28 million against a budgeted \$49.12 million. Operating expenditure was \$44.52 million against a budget of \$44.29 million.

We spent \$12.03 million on capital works against an original budget of \$17.34 million. Of this, \$11.18 million was spent on renewing and upgrading our existing asset base. Council's commitment to community asset improvement and upgrades will continue in 2016/17, with the budgeted capital works program of \$18.30 million.

Our total property and infrastructure base expanded to \$274 million, up from \$263 million, which has been adjusted due to the removal of the Port of Apollo Bay net assets. We are in a strong cash position and have low borrowings. This outcome is an excellent result and demonstrates one of Council's key strategies of "Prudent and accountable financial, asset, risk and resource management".

### Challenges

#### Stadium floor at Bluewater leisure centre

Delays in the delivery of a suitable quality stadium sports floor at Bluewater saw Council resolve to fix the sports floor ahead of legal action to seek compensation, with a view to

getting the community into the new stadium as soon as possible.

### Strategic Property Framework

Council manages an extensive portfolio of land and buildings utilised for a wide range of community purposes. Work will be undertaken in 2016/17 to develop and implement a property management framework that will provide Council with a guide to effectively managing all property under its ownership, care and control. This will build upon the efforts made to date in managing leases and licenses for Council's property assets.

### Looking to the Future

I would like to thank the staff for their dedication and hard work this year.

I'm proud to lead a passionate and professional Executive and staff group who are dedicated to serving our community.

Whilst our commitment to the Shire is a constant, it was clearly evident to all in their remarkable response and recovery efforts following the devastating Christmas Day bushfires.

I would also like to thank our wonderful 861 volunteers (346 more than in 2014/15), who provide a vital service supporting Council to deliver its many programs during the year.

Over the next twelve months, we will maintain a strong focus on ensuring long term financial sustainability, service delivery and service improvement whilst also looking after our highly valued community assets and essential infrastructure.

There is no doubt there will new challenges for us to respond to in the future but I believe our commitment, culture of continuous improvement and innovation will ensure we continue to deliver for the both the current and future communities.



**Sue Wilkinson**  
Chief Executive Officer



## Our Council

Our Council was democratically elected on 27 October 2012 and derives its role, powers and functions primarily from the *Local Government Act 1989*. Council's role is to ensure '...*the peace, order and good governance...*'(S3A) of our municipality. This broadly covers a range of legislative and functional activities including strategic planning, advocacy, representation, policy development and law making.

Council sets the overall direction for our municipality through long-term planning. Examples include the Council Plan, financial plans, the municipal strategic statement and other strategic plans. Setting the vision, and then ensuring that it is achieved, is one of Council's most important roles. For additional information on the role and powers of Council, please see page 66.

### Forthcoming Council elections

The current four year term of Council is drawing to a close, with all Victorian councils returning to the voting polls on 22 October 2016. In the lead up to an election the Victorian Local Government sector adopts an 'Election Period', or caretaker mode, to avoid actions and decisions that may be interpreted as influencing voters or be binding on an incoming Council. The Election Period commenced on Wednesday, 21 September 2016 and continues until 6 pm Saturday, 22 October 2016.

*Note: Colac Otway Shire has been an unsubdivided municipality (no Wards) since 2007.*

## Our Councillors



**Cr Frank Buchanan**  
Mayor

First elected 2008  
Re-elected (by count back) 2013

Telephone: 0437 780 070  
Mobile: 0455 949 212  
Email: [frank.buchanan@colacotway.vic.gov.au](mailto:frank.buchanan@colacotway.vic.gov.au)

### Delegation to committees of Council

- Australia Day Advisory Committee
- Chief Executive Officer Appraisal Committee
- Colac Livestock Selling Centre Advisory Committee
- Festival & Events Support Scheme Advisory Committee
- Grants/Community Funding Advisory Committee
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee
- Apollo Bay Harbour Redevelopment Project Control Group

### Representing Council on other committees and groups

- Australian Local Government Association
- Great South Coast Municipalities Group (end of June 2016)
- G21 Economic Development Pillar
- G21 Planning & Services Pillar
- Great South Coast Position for Economic Growth Group (end of June 2016)
- Community Resilience Committee – Wye River and Separation Creek



**Cr Terry Woodcroft**  
Deputy Mayor

First elected 2012

Telephone: 5232 9407  
Mobile: 0417 559 258  
Email: [councillor.woodcroft@colacotway.vic.gov.au](mailto:councillor.woodcroft@colacotway.vic.gov.au)

*Delegation to committees of Council:*

- Audit Committee (from 18 November 2015)
- Australia Day Advisory Committee
- Chief Executive Officer Appraisal Committee
- Festival & Events Support Scheme Advisory Committee
- Friends of the Colac Botanic Gardens Committee
- Grants/Community Funding Advisory Committee
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee

*Representing Council on other committees and groups:*

- Colac Otway Network of Community Centres
- COPACC Trust
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Planning Committee
- G21 Pillar – Arts and Culture



**Cr Brian Crook**  
Deputy Mayor

First elected 2002  
Re-elected 2004, 2008, 2012

Telephone: 5232 9410  
Mobile: 0448 352 583  
Email: [councillor.crook@colacotway.vic.gov.au](mailto:councillor.crook@colacotway.vic.gov.au)

*Delegation to committees of Council:*

- Australia Day Advisory Committee
- Central Reserve Advisory Committee
- Chief Executive Officer Appraisal Committee
- Festival & Events Support Scheme Advisory Committee
- Grants/Community Funding Advisory Committee
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee

*Representing Council on other committees and groups:*

- Community Hub Inc
- G21 Sports & Recreation Pillar
- G21 Transportation Pillar
- Great South Coast Improve Our Connections Group (end of June 2016)
- COPACC Trust
- Industry Advisory Group

**Cr Michael Delahunty**

First elected 2012

Telephone: 5232 9408

Mobile: 0409 155 904

Email: [councillor.delahunty@colacotway.vic.gov.au](mailto:councillor.delahunty@colacotway.vic.gov.au)*Delegation to committees of Council:*

- Audit Committee (until 18 November 2015)
- Australia Day Advisory Committee
- Chief Executive Officer Appraisal Committee
- Festival & Events Support Scheme Advisory Committee
- Grants/Community Funding Advisory Committee
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee

*Representing Council on other committees and groups:*

- Oudit Quarry Consultative Committee
- Tirrengower Drainage Scheme Committee of Management

**Cr Stephen Hart**

First elected 2002

Re-elected 2008, 2012

Telephone: 5232 9406

Mobile: 0407 962 412

Email: [councillor.hart@colacotway.vic.gov.au](mailto:councillor.hart@colacotway.vic.gov.au)*Delegation to committees of Council:*

- Audit Committee
- Australia Day Advisory Committee
- Chief Executive Officer Appraisal Committee
- Festival & Events Support Scheme Advisory Committee
- Grants/Community Funding Advisory Committee
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee

*Representing Council on other committees and groups:*

- Barnard Trust Committee
- Barwon South West Waste and Resource Recovery Group
- Colac Community Library & Learning Centre Joint Use Advisory Committee
- Community Hub Inc
- Corangamite Regional Library Corporation
- G21 Education & Training Pillar
- G21 Environment Pillar
- Lavers Hill Swimming Pool Committee of Management
- Lavers Hill and District Emergency Response Planning Committee
- Municipal Association of Victoria



**Cr Lyn Russell**

First elected 2008

Re-elected 2012

Telephone: 5232 9405

Mobile: 0419 326 624

Email: [councillor.russell@colacotway.vic.gov.au](mailto:councillor.russell@colacotway.vic.gov.au)*Delegation to Committees of Council:*

- Australia Day Advisory Committee
- Chief Executive Officer Appraisal Committee
- Festival & Events Support Scheme Advisory Committee
- Grants/Community Funding Advisory Committee
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee

*Representing Council on other committees and groups:*

- Australian Rural Roads Group
- G21 Health & Wellbeing Pillar
- Otways Tourism Advisory Committee
- Rural Council of Victoria
- Timber Towns Committee
- Timber Towns Executive

**Cr Chris Smith**

First elected 2004

Re-elected 2008, 2012

Telephone: 5232 9411

Mobile: 0400 964 791

Email: [councillor.smith@colacotway.vic.gov.au](mailto:councillor.smith@colacotway.vic.gov.au)*Delegation to committees of Council:*

- Australia Day Advisory Committee
- Chief Executive Officer Appraisal Committee
- Festival & Events Support Scheme Advisory Committee
- Grants/Community Funding Advisory Committee
- Lake Colac Coordinating Committee (Advisory Committee)
- Planning Committee (Special Committee)
- Small Town Improvement Program Advisory Committee

*Representing Council on other committees and groups:*

- Industry Advisory Group
- Municipal Aerodrome Committee – Colac
- Old Beechy Rail Trail Committee
- Rural Financial Counselling Service Victoria – Wimmera Southwest
- Weeds Consultative Committee

## Councillor attendance at meetings 1 July 2015 to 30 June 2016

| Councillor                    | Council Meetings Attended | Special Council Meetings Attended | Planning Committee Meetings Attended | Councillor Briefing Sessions Attended |
|-------------------------------|---------------------------|-----------------------------------|--------------------------------------|---------------------------------------|
| Cr Frank Buchanan (Mayor)     | 11/12                     | 5/5                               | 4/6                                  | 39/43                                 |
| Cr Brian Crook (Deputy Mayor) | 12/12                     | 5/5                               | 6/6                                  | 41/43                                 |
| Cr Michael Delahunty          | 12/12                     | 5/5                               | 6/6                                  | 27/43                                 |
| Cr Stephen Hart               | 12/12                     | 5/5                               | 6/6                                  | 40/43                                 |
| Cr Lyn Russell                | 11/12                     | 5/5                               | 5/6                                  | 41/43                                 |
| Cr Chris Smith                | 12/12                     | 5/5                               | 6/6                                  | 1/43                                  |
| Cr Terry Woodcroft            | 12/12                     | 5/5                               | 6/6                                  | 33/43                                 |

The Special Meeting held on 18 November 2015 included the election of Cr Frank Buchanan as Mayor.

## Chief Financial Officer's Report

At the end of 2015/16 Council's was in a strong financial position given the challenges of rate capping and the impacts of bushfire. We delivered our tenth successive surplus, which is an objective of our Long Term Financial Plan and is a significant result given the increasing demands on Council services.

### Financial snapshot

- \$46.28 million revenue against a budgeted \$49.12 million.
- \$12.03 million Capital Works program delivered against a budgeted \$17.34 million.
- Rates and Charges comprised \$27.61 million (60%) of the total operating revenue.
- Operating surplus of \$1.76 million (budget \$4.80 million).
- Cash holdings decreased by \$1.46 million, from to \$15.70 million in 2014/15 to \$14.24 million in 2015/16.
- Net debt decreased by \$0.60 million, from \$5.37 million in 2014/15 to \$4.77 million in 2015/16.

Council focuses on three key areas of financial performance as a guide to our overall sustainability. These three areas are:

- Our operating and underlying results
- The renewal or replacement of our existing assets
- Our cash holdings

### Operating result

#### 2015/16 Operating Result

|                          | Actual<br>\$ million | Budget<br>\$ million |
|--------------------------|----------------------|----------------------|
| Operating Income         | 46.28                | 49.12                |
| Operating Expenses       | 44.52                | 44.29                |
| <b>Operating Surplus</b> | <b>1.76</b>          | <b>4.83</b>          |

We achieved a \$1.76 million surplus for the 2015/16 financial year against a budgeted surplus of \$4.80 million. This represents a significant decrease over the \$12.14 million surplus achieved for 2014/15. The reduction in the Operating Result from last year is mainly due to a combination of the following factors: \$2.99 million prepaid by the Victorian

Grants Commission in 2014/15, which had a compounding impact on 2015/16 of \$5.98 million; and a reduction in non-recurrent grant funding of \$5.08 million.

Most of the variance from budget was a result of the operating grants received in 2014/15 of \$2.99 million, a prepayment of 50% of the 2015/16 Financial Assistance Grants, and expenditure incurred for bushfire recovery of \$1.70 million. Both of these occurred after the preparation of the budget hence the variance.

Over 96% of our operating costs occurred in the following three categories:

- Employee expenses 41%
- Materials and services 34%
- Depreciation 21%

For more information on the actual variances to budget please refer to the Financial Statements note 2a (page 104).

### Underlying Result

A key measure of financial sustainability is the Underlying Result. This identifies whether we are generating sufficient revenue to cover operating expenses, including asset replacement.

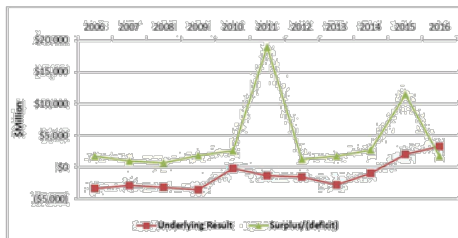
Council achieved an underlying surplus of \$1.76 million for 2015/16. When adjusting for capital items and various one-off items, such as the prepayment of the Victorian Grants commission, we returned an adjusted underlying result of \$3.30 million compared to \$2.01 million for the previous year, as follows:

| Item                                | 2015-16<br>\$'000 | 2014-15<br>\$'000 |
|-------------------------------------|-------------------|-------------------|
| Surplus/deficit for the year        | \$1,761           | \$12,140          |
| Non-Recurrent Commonwealth          | (\$217)           | (\$3,200)         |
| Non-Recurrent State Grants          | (\$689)           | (\$2,791)         |
| Revaluation Expense                 | \$0               | \$0               |
| Contributions – monetary            | (\$545)           | (\$624)           |
| Contributions – non-monetary        | \$0               | (\$519)           |
| Prepaid VGC Grants                  | \$2,996           | (\$2,996)         |
| <b>Underlying Surplus/(Deficit)</b> | <b>\$3,306</b>    | <b>\$2,010</b>    |

The following graph provides a comparison of the underlying result against the adjusted underlying result. It clearly demonstrates when adjusting for one-off timing differences (prepayments) and non-operating items (such as capital contributions and grants) we have

experienced a steady increase into surplus demonstrating Council’s commitment to sound financial management.

The surplus and adjusted underlying surplus has been achieved despite bearing the upfront cost of the bushfire recovery activities (approximately \$1.7 million). We expect full reimbursement of these amounts in 2016/17.



It is important to note in the graph above that the spike in 2010/11 relates to the inclusion of the Port of Apollo Bay assets. It was determined this year that we do not control these assets and therefore we should no longer recognise them in Council’s results. The results prior to 2015 have not been adjusted for that consolidation.

Ideally, the underlying surplus should remain relatively consistent from year to year. It is the best measure we have to represent our ability to remain sustainable in our own right without being dependent upon external funding to maintain operations.

**Replacing our assets**

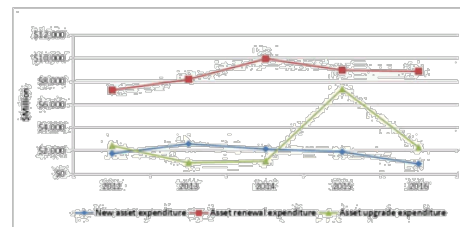
A key strategic indicator is the rate of replacement of our assets as they age and deteriorate.

During 2015/16, we spent a total of \$12.03 million on capital works (capital expenditure/investment) across the shire, compared with \$18.25 million in 2014/15. This included a total of \$8.86 million (74%) on renewal works/activities and \$3.17 million (26%) on new and upgrade works/activities.

The reduction in upgrade works in the 2015/16 year is due to the increase in expenditure as a result of the Bluewater redevelopment in 2014/15.

**Capital Works**

|              | 2015/16<br>\$ million | 2014/15<br>\$ million |
|--------------|-----------------------|-----------------------|
| Renewal      | 8.86                  | 8.995                 |
| Upgrade      | 2.32                  | 7.37                  |
| New          | 0.85                  | 1.89                  |
| <b>Total</b> | <b>12.03</b>          | <b>18.25</b>          |

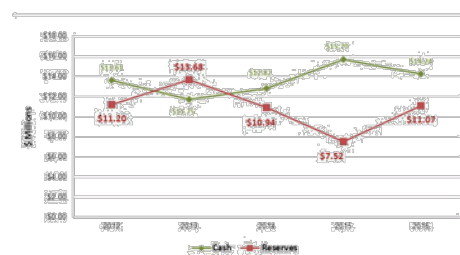


A key capital works indicator is whether the expenditure on renewal/upgrade matches the rate that our assets are deteriorating or depreciating. Council’s strategy is to renew our asset base at a greater rate than it depreciates. Our key strategic indicator for renewal is a minimum of 100%.

The result for 2015/16 is 123%, which means we are renewing/upgrading our assets at 1.23 times the rate we are depreciating them. This exceeds the target in our Strategic Resource Plan and Long Term Financial Plan.

**Cash Holdings**

Cash holdings is about our ability to pay for Council’s activities and obligations and is usually balanced by restricted items such as trust deposits and reserves or funds held for specific purposes. For example, employee long service leave obligations, future landfill rehabilitation etc.



During 2015/16 Cash holdings decreased to \$14.24 million from \$15.70 million in 2014/15. This decrease is largely attributed to an inflated figure in 2015 due to the prepayment of the Federal Assistance Grants. Cash

holdings support Council's strong long term liquidity position, evidenced by the working capital ratio of 198%.

An objective of our Long Term Financial Plan is to build cash reserves to provide for future commitments. This will allow Council the flexibility to respond to future opportunities or unexpected events.

#### **Financial Sustainability**

As the economy tightens it becomes increasingly important that our ratepayers receive the maximum return for their taxes. This emphasises the importance of strong financial management, efficient long and short term planning and the targeted allocation of resources.

Our response is to identify and analyse trends of significance to provide for sound financial planning and decision-making. This is reflected in our Annual Budget process and Strategic Resource Plan (SRP).

Our Long Term Financial Plan establishes the strategic financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10 years. It is prepared in conjunction with the SRP and Council Plan to ensure the affordability of major initiatives included in the Council Plan.

For additional financial performance information, see page 80. The Financial Statements commence on page 89.



**Daniel Fogarty B.Com, CA, MAppFin**  
Manager Financial Services

## Major Projects

Delivering capital projects is essential to achieve Council's aims to provide safe, accessible and appropriate infrastructure that meets the needs of our community. Throughout the 2015/16 financial year, Council undertook a wide range of capital projects, including significant infrastructure improvements that directly improved facilities for our community and visitors.

Community infrastructure projects, totalling \$15.775 million dollars were delivered across the shire in 2015/16. Following is a summary of the key projects under each category. See page 54 for a breakdown of capital expenditure within the renewal, upgrade and new programs.

|                                        |                    |
|----------------------------------------|--------------------|
| <b>Land and Buildings</b>              | <b>\$3,034,581</b> |
| Bluewater Leisure Centre Redevelopment | \$2,151,333        |
| Kawarren Community Hub                 | \$209,803          |
| <b>Footpaths and cycleways</b>         | <b>\$620,303</b>   |
| Footpath Renewal Programme             | \$352,238          |
| Lake Beeac Pathway                     | \$15,736           |
| Footpath Improvement Programme         | \$237,855          |
| <b>Road Programmes</b>                 | <b>\$5,468,961</b> |
| Asphalt Programme                      | \$72,971           |
| Road Resealing Programme               | \$1,088,878        |
| Road Reconstruction Programme          | \$3,023,019        |
| Unsealed Road Programme                | \$1,284,094        |
| <b>Plant Replacement</b>               | <b>\$1,379,843</b> |
| Heavy and Fixed Plant                  | \$755,621          |
| Light Fleet                            | \$624,223          |
| <b>Bridge Replacement</b>              | <b>\$807,851</b>   |
| Mulgrews Access                        | \$102,619          |
| Cape Otway Road                        | \$210,126          |
| Sand Road                              | \$203,566          |
| Watsons Access                         | \$291,540          |
| <b>Drainage Works</b>                  | <b>\$167,656</b>   |
| <b>Other Infrastructure</b>            | <b>\$330,712</b>   |

A snapshot of some key community infrastructure projects delivered included:

### Echidna House Development, Kawarren - \$220,000

After many years of lobbying the Kawarren community realised their dream of redeveloping the old school building to create Echidna House. The \$220,000 redevelopment project, which was funded by RDV, Council and the community, created a multi-use, fully accessible community hub with works including the installation of a registered kitchen, office space, meeting rooms and multipurpose spaces. Echidna House provides a valuable and important facility that will foster community connectedness.

### Eastern Reserve Playground - \$69,000

The Eastern Reserve plays host to a large number of recreational users, and as part of the reserve master plan, the provision of play equipment was identified as a key priority. Council, together with the netball user groups, completed the installation of \$69,000 of play equipment that further enhances this critical open space park. The community guided the design of the playground, and Council has received great feedback since its installation.

### Wyuna Estate Playground - \$65,000

In partnership with the Wyuna Estate developers, Council undertook the installation of \$65,000 playspace to complement and complete the public open space located in a progressive residential housing estate in Elliminyt. Through community engagement, Council delivered a great value, age relevant play area that has received fantastic feedback from the community.

## The Year Ahead

The construction of major community infrastructure will continue into 2016/17, as Council continues to invest in community asset improvement and upgrade. A total of \$18.297 million of capital works is included in the 2016/17 budget with highlights including:

- \$2.882 million for the redevelopment of Colac Central Reserve
- \$1.95 million for Colac CBD streetscape upgrades
- \$8.711 million road infrastructure investment
- \$302,000 for the redevelopment of the Birregurra Recreation Reserve
- \$450,000 for underground stormwater drainage renewal and upgrades



## Our Organisation

### Role of the CEO and the administration

Under the *Local Government Act 1989* the Chief Executive Officer (CEO) is directly accountable to Council. The CEO has specific authorities, including the administrative structure of the organisation and managing its day-to-day operations.

The administration is formally accountable to the CEO. Its role is to provide advice and reports to Council to assist decision making, implement council decisions and to oversee the delivery of services. For additional information see the Corporate Governance section on page 72.

### Our Executive Management Team



**Sue Wilkinson**  
Chief Executive Officer

Bachelor of Applied Science (Planning); Grad Dip (Urban Planning); Australian Institute of Company Directors, Company Director.

*Major Functions:* Council Support and Governance; Advocacy; Public Relations; Business Improvement; Communications.

Sue has more than two decades of experience as a leader and innovator in planning and community development, managing major strategic planning, economic and community development projects. Prior to taking up her role at Colac Otway Shire, Sue worked in senior roles at Monash City Council, the City of Port Phillip and the State Government's Department of Planning and Community Development. Sue's focus is on working with Council and the community to support the delivery of high quality local services, building on the successes of the shire and works hard for strategic, future focused and positive outcomes for Colac Otway. Critical to this is supporting the creation of employment opportunities through facilitation so that Colac Otway Shire remains strong economically.



**Mark Lyons**  
General Manager Corporate Services

Master of Business Administration; Certified Practising Accountant; Bachelor of Business.

*Major Functions:* Finance Management; Customer Services; Information Management Services; Corporate Development; Human Resources; Learning and Development; Risk Management; Occupational Health and Safety; Governance; Contract Management.

Mark has over 15 years of local government experience, along with another 11 years of work in the banking sector. He has a strong understanding of the challenges facing rural local governments, having spent most of his career in rural and regional settings. Along with his background in governance and corporate services in local government, Mark has strong leadership and business planning skills and a track record of delivering system improvements. Mark's previous role was Corporate Services General Manager at Central Highlands Regional Council, Queensland.



### **Ingrid Bishop**

#### **General Manager Infrastructure & Leisure Services**

Master of Business Administration (in progress); Graduate Certificate in Business.

*Major Functions:* Infrastructure and Asset Development; Bluewater Leisure Centre; Capital Works and Major Projects; Colac Otway Performing Arts and Cultural Centre; Libraries; Recreation and Open Space Planning; Project Management; Waste Management; Services & Operations; Port of Apollo Bay; Airfields.

Ingrid has extensive experience and skills gained from over 15 years in general management and senior management positions in large multi-national companies (ASX listed), local government and state government. Ingrid aims for strong organisational performance through the achievement of commercial and community goals and does this through engaging and leading people, development and implementation of strategic direction and policy, application of project management principles and a commitment to process integrity and compliance. Prior to taking up her role at Colac Otway Shire, Ingrid's role was Director of Alchemy Corporate Consulting Services.



### **Brydon King**

#### **General Manager Development and Community Services**

Bachelor of Arts (Town Planning)

*Major Functions:* Statutory Planning and Regulations; Strategic Land Use Planning; Economic Development and Events; Tourism; Environmental Management; Building Surveying; Environmental Health; Community Services; Emergency Management and Fire Prevention; Local Laws; Colac Regional Saleyards.

Brydon has over 20 years of experience in land use planning and local government management and expert knowledge developing plans for urban, coastal and rural locations that are pragmatic and solution focussed. He has a keen interest in working with communities to develop policy to deliver outcomes that reflect physical settings and community values. Brydon's previous role was Manager Planning and Development at Surf Coast Shire Council.



### **Sandra Wade**

#### **General Manager Bushfire Recovery (temporary, externally funded)**

Master of Arts

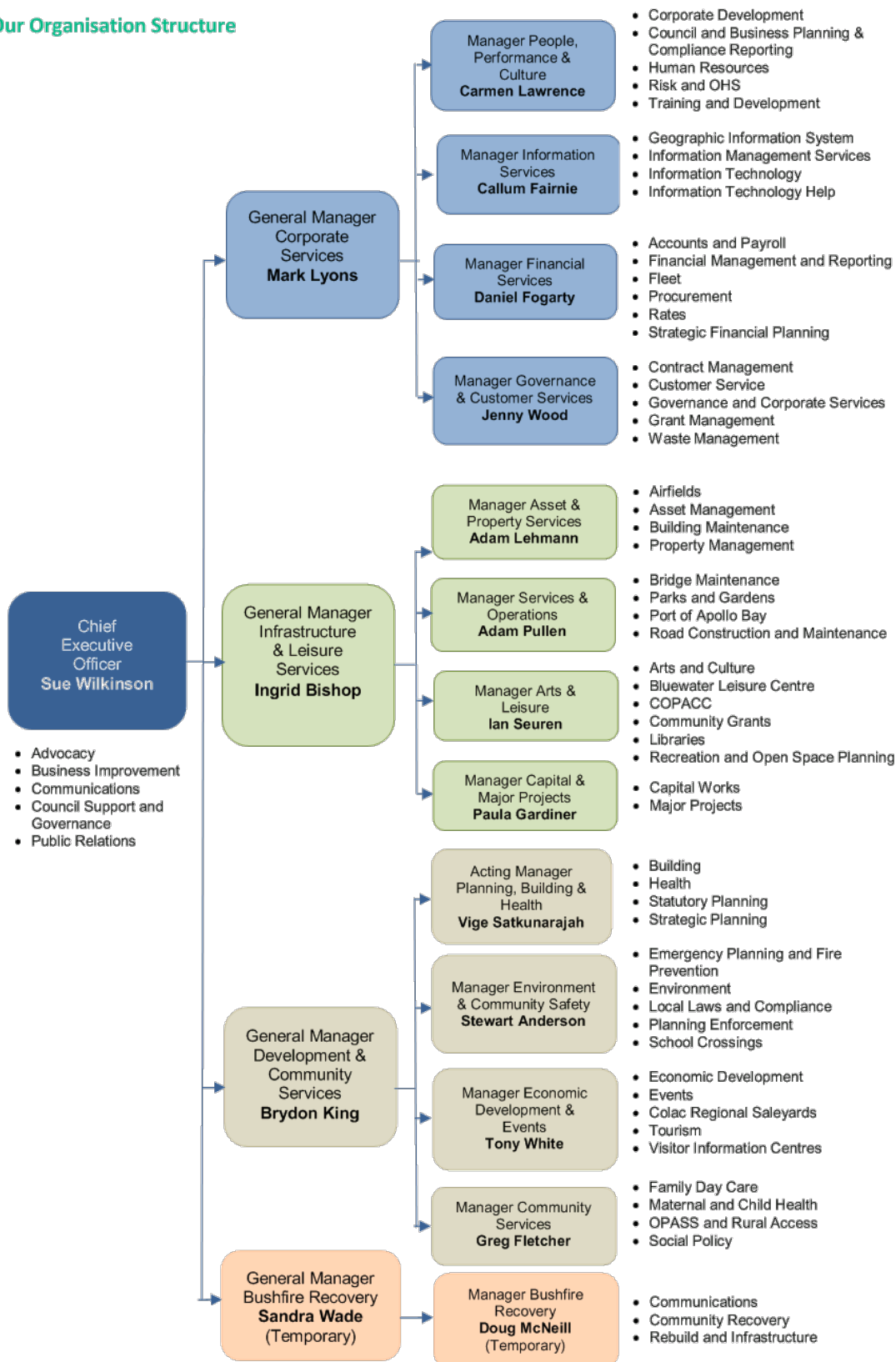
Grad Dip Urban & Regional Planning

*Major Functions:* Wye River Separation Creek Bushfire – site clean-up coordination; infrastructure rebuild; community recovery; advocacy; strategic planning

Sandra has three decades of experience in regional and local governments across New Zealand, Tasmania, regional Victoria and Metropolitan Melbourne. Her background is in strategic planning, place management, project management and leadership as well as the delivery of complex projects. Sandra joined Council from the private sector to lead Colac Otway Shire's response to the devastating 2015 Christmas Day Bushfires and work closely with the communities of Wye River and Separation Creek to rebuild their lives and properties.



**Our Organisation Structure**



## Our people are our greatest asset

### Learning and development

Major achievements:

- Introduction to Lean Thinking
- Ongoing Leadership development program for Executive and Managers
- The level of participation of staff, in our wide ranging Health and Wellbeing Program.

### Workforce

There was a slight decrease in the number of full-time equivalent staff (FTE) from 222.5 in 2014/15 to 221 in 2015/16. Our workforce generational profile has remained consistent over the past five years; however with 42% of staff in the Veteran and Baby Boomer categories it highlights the ageing nature of our workforce. This is consistent with other Rural Councils across Victoria (source MAV Human Resource Management Benchmarking Survey Report 2015). Staff turnover increased to 11.3% from 8.5%, which is consistent with general variations over the past five years.

The workforce is predominantly permanent full-time at 68% with 29% permanent part-time and 3% casual. Employment type by gender indicates that males constitute 67% of permanent full-time roles whilst females are strongly represented in part-time and casual work at 89% and 78% respectively. The gender profile and composition of the workforce is reflective of the typical contemporary workforce and has remained consistent over the past five years.

See Workforce tables and graphs on pages 29 to 31.

### Recruitment

There were 88 positions advertised during this reporting period, compared with 37 for 2014/15. We received 768 applications, including multiple applicants for positions traditionally difficult to fill. Vacancies ranged across Planning and Development, Engineering, Health and Community Services, Environment, Tourism, Governance and Customer Service, Administration, Leisure and Arts. The creation of a Bushfire Recovery Division and the subsequent recruitment

processes was a major factor. Initiatives promoting Colac Otway Shire as an 'employer of choice' to the local, regional, national and international employment market netted a significant return on our investment.

### Student work placements

The number of work experience placements fluctuates year on year. In 2015/16 we provided work experience placements for two local secondary school students down from nine in the previous reporting period. Students are provided with the opportunity to get practical workplace experience, building skills and knowledge to assist them to their further studies and career choices. Students gain valuable industry experience in a friendly and supportive team environment and learn more about employment opportunities at Council and local government.

We also provided opportunities to three university and TAFE students to enhance their discipline specific skills and 'employability', placing one in Maternal and Child Health, one in our Engineering Department and one other in Community Services. Students joined their workplace teams and undertook specific projects as well as making the most of opportunities to 'shadow' management.

### Equal Employment Opportunity

Our commitment to Equal Opportunity is covered in our Enterprise Agreement and through Council's Equal Employment Opportunity (EEO), Diversity and Inclusion and Unacceptable Workplace Behaviour Policies. We commit to compliance with EEO and anti-discrimination legislation and to promoting equality of opportunity and the elimination of discrimination in employment policies and practices. We are also committed to ensuring an inclusive workplace culture that values diversity and ensures that the workplace is free from bullying, harassment and other forms of unacceptable workplace behaviour.

We identify ourselves as an 'Equal Opportunity Employer' in all external recruitment advertisements and ensure that all new employees are made aware of our EEO, Diversity and Inclusion and Unacceptable Workplace Behaviour Policies as a mandatory component of our induction program. In

2015/16, 100% of new employees participated in the induction process.

All staff are required to attend mandatory Equal Opportunity/anti-discrimination and unacceptable workplace behaviour refresher training every three years, with the next program scheduled for 2016/17. We also have a formal internal grievance process that enables staff to raise complaints. There were no EEO/discrimination related complaints raised during 2015/16. Compliance with EEO requirements is monitored by the People, Performance and Culture Department.

A staff profile by gender is provided on pages 29 and 30.

### Health and wellbeing

Our COShealth (health and wellbeing) program was an outstanding success. We registered more than 368 attendances, with many staff participating in multiple events. We had the most diverse range of activities yet on offer and staff provided us with overwhelmingly positive feedback and support for the program.

### Global Corporate Challenge

A highlight of the COShealth program is our participation in the Global Corporate Challenge® (GCC) - the world's largest and most innovative workplace health initiative. This is the fourth year that we have participated in the program, with 35 staff forming five teams from across the organisation commencing the 100 day program in May 2016. Participants log their daily activity levels and compete against their own co-workers, as well as over 30,000 teams globally, in a virtual walk around the world. The GCC has proved hugely popular and generated fierce, but collegiate, challenge amongst the competing teams.

In the program that finished 1 September 2015, our teams accumulated more than 69 million steps, equating to approximately 44,539 kilometres. A key objective of the GCC is to support and engage our staff in making long term healthy behaviour changes.

### Healthy fundraisers

Our employees raised over \$1,100 through their participation in a number of health awareness fundraisers including: Movember, Australia's Biggest Morning Tea, and Sids and Kids Red Nose Day.

### Supporting our employees

Employees (and their families) have access to an extensive range of support services through our employee assistance program. Employees can discretely and confidentially access a range of emotional, physical and social support services including:

- 24/7 face-to-face and telephone counselling
- manager hotline
- health and wellbeing services
- extensive online resources
  - mortgage assist
  - health risk assessment
  - finance assist
  - legal assist

### Flexible Work Options

Our Flexible Work Options Policy and Toolkit was designed to respond to requests from staff and Managers for more information about flexible work options, how to access them and how to implement them. The policy provides for options including purchased leave, phased/gradual transition to retirement, change of work hours, career break and working from home. The toolkit is a practical workbook designed to help staff and managers identify and work through potential obstacles and options relating to a specific request. It also provides guidance on the application process. Since implementation in November 2014, 22 staff have negotiated flexible work arrangements.

### Occupational Health and Safety

At Colac Otway Shire are committed to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) Consultative Committee meets quarterly, with representation from all areas of our organisation.

A major OH&S achievement during this reporting period was the development and

implementation of an online OH&S Management System accessible to all staff via the intranet. This increased the consistency of information and facilitates collaboration and information sharing between work sites.

Ongoing OH&S training is a key element in our continuous improvement approach to health and safety performance. During this reporting period 49 staff completed First Aid/CPR refresher training, 12 completed Health and Safety Representative refresher training, 1 completed the 5 day Health and Safety Representative training course and 21 staff members completed Emergency Warden training.

#### *Days lost due to injury*

We had a significant decrease in days lost due to injury during this reporting period. A total of 8.63 full-time equivalent (FTE) days compared with 186.2 FTE days in 2014/15 (see graph on page 31). This was influenced by early intervention and return to work support of four minor workplace injuries.

#### *SafetyMap surveillance audit*

Council continues to maintain its SafetyMap certification. The SafetyMAP surveillance audit, conducted in August 2015, resulted in a positive outcome indicating the system's ongoing compliance with all SafetyMAP criteria, OHS legislation and operational requirements. There were two minor non-conformance issued during the audit and nine observations, all of which were quickly addressed. All Observations from the previous Audit were also closed.

#### *Appreciating our staff*

We continually look for opportunities to recognise, encourage and celebrate the achievements of our employees. We do this across all departments formally and informally as an action outcome of our Employee Survey. We also do this through our quarterly and annual recognition awards and functions. This year 46 employees were recognised for key service milestones at the annual Years of Service awards presentation:

#### *35 Years:*

Gary McDougall, Mark Robinson.

#### *30 Years:*

Andrew Corp, Lorraine Black.

#### *25 Years:*

Jan Gurrie.

#### *20 Years:*

Ann-Maree Convery, Brian Edwards, Leanne Robinson, Rob Harrowfield, Noel Symons.

#### *15 Years:*

Adam Lehmann, Arthur Watson, Sue Finch, Terry Maisey, Andrew Barber, Kevin Young

#### *10 Years:*

Barbara Tucker, Cheryl Goodwin, Emily Haslem, Jo Garner, Matthew Craddock.

#### *5 Years:*

Ben Waldron, Danielle Veitch, Edna Vopel, Gillian Launer, Ian Seuren, Jen Featherstone, Kerry Reynolds, Lee Nicholls, Nick O'Connor, Sarah Biren, Stephen Roberts, Suzanne Parkinson, Tania Craig, Adrian Healey, Craig Cameron, Eric Membrey, Hamish Gleeson, Jane Hammer, Karen Scholes, Lawrence Sharp, Marcus Larcombe, Peter Orr, Ronan Corcoran, Tammy Kavanagh.

#### **Learning and development**

The development of our staff and building organisational capability is a corporate priority. We want our employees to have every opportunity to grow their skills and knowledge through access to targeted professional and personal development. Growing individual and corporate capability enables us to improve service delivery to the community, increase organisational efficiency and strategic agility. It also supports internal career progression and the attraction and retention of highly skilled staff.

A highlight in this reporting period was the completion of a targeted leadership development program, where staff were challenged to deeply explore their strengths, areas for development and opportunities as they related to leading and maintaining highly effective teams.

In addition, two staff completed their Diploma of Management and 1 completed the Advanced Diploma Safety (Emergency Management). Programs delivered during 2015/16 were:

| Training                                              | Attendees |
|-------------------------------------------------------|-----------|
| First Aid/CPR                                         | 49        |
| Health and Safety Representative Refresher            | 12        |
| Health and Safety Representative 5-day course         | 1         |
| Transition to retirement                              | 18        |
| Handle with Care - Customer Service training          | 50        |
| Let's Talk Program for Staff                          | 17        |
| Freedom of Information                                | 22        |
| Coping with Change                                    | 29        |
| Emergency Warden                                      | 21        |
| Business report writing                               | 9         |
| Introduction to Lean Thinking                         | 24        |
| Emergency Relief Centre Training                      | 18        |
| A Deeper Understanding of Myers Briggs Type Indicator | 13        |
| Leadership Development                                | 16        |
| LG Pro Ignite                                         | 1         |
| Microsoft Office programs training                    | 5         |
| Let's Talk Communication Program Refresher            | 11        |

In addition, the following compliance programs were mandatory for all staff:

- Consumer and Competition Act
- Procurement
- Fraud Awareness & Protected Disclosure

#### Tertiary study support

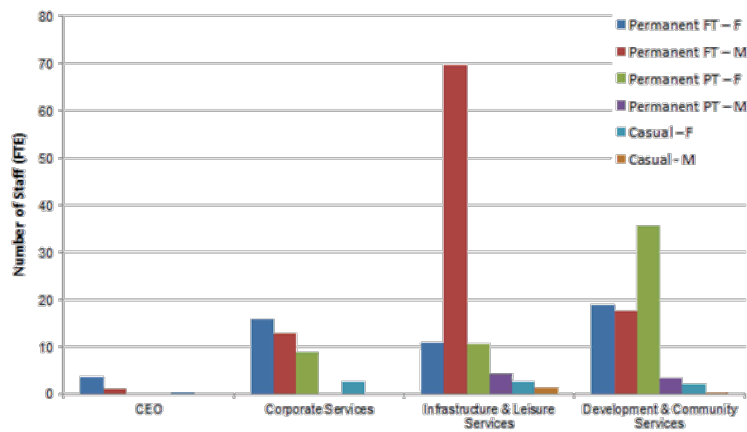
In 2015/16, two staff received tertiary study assistance totalling \$3,308 excluding travel and on costs. One person commenced the Diploma of Training, Design and Development and the other commenced the Certified Practising Accountant (CPA) Program.

#### Our workforce by employment type, gender and organisational structure

| Employee type/gender  | CEO      | Corporate Services | Infrastructure & Leisure Services | Development & Community Services | Total      |
|-----------------------|----------|--------------------|-----------------------------------|----------------------------------|------------|
|                       | FTE      | FTE                | FTE                               | FTE                              |            |
| Permanent FT – Female | 4        | 16                 | 11                                | 19                               | 49         |
| Permanent FT – Male   | -        | 13                 | 70                                | 18                               | 101        |
| Permanent PT – Female | 1        | 9                  | 10                                | 36                               | 55         |
| Permanent PT – Male   | -        | 0                  | 4                                 | 3                                | 8          |
| Casual – Female       | -        | 3                  | 3                                 | 2                                | 7          |
| Casual – Male         | -        | 0                  | 1                                 | 0                                | 1          |
| <b>Total</b>          | <b>5</b> | <b>40</b>          | <b>99</b>                         | <b>77</b>                        | <b>221</b> |

Legend: FT – Full Time; PT – Part Time

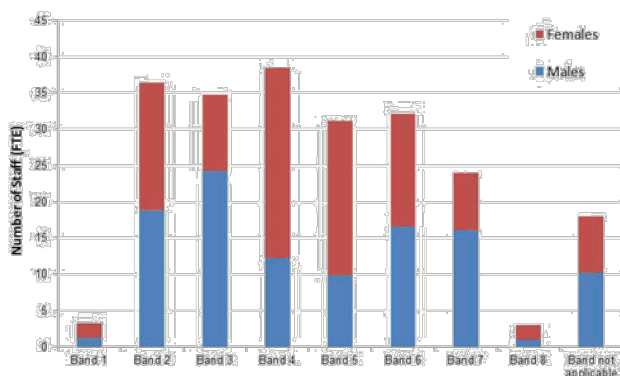




The data has remained consistent over the past five years. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities. Approximately 77% of full-time males work in the outdoor crews (Parks and Gardens, Road Maintenance etc.)

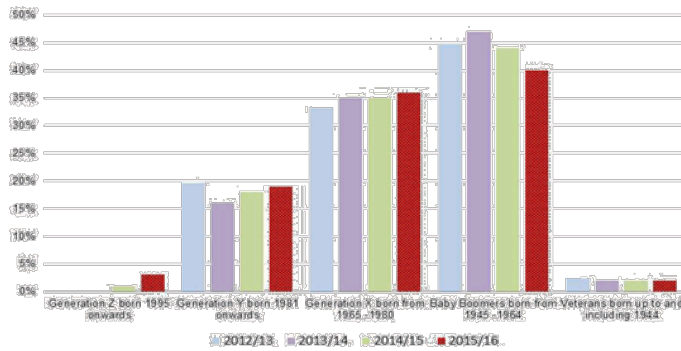
**Staff by employment category and gender**

| Employment Classification | Female FTE | Male FTE   | Total FTE  |
|---------------------------|------------|------------|------------|
| Band 1                    | 1          | 2          | 3          |
| Band 2                    | 19         | 18         | 37         |
| Band 3                    | 24         | 11         | 35         |
| Band 4                    | 12         | 26         | 38         |
| Band 5                    | 10         | 21         | 31         |
| Band 6                    | 17         | 16         | 32         |
| Band 7                    | 16         | 8          | 24         |
| Band 8                    | 1          | 2          | 3          |
| Band not applicable       | 10         | 8          | 18         |
| <b>Total</b>              | <b>110</b> | <b>111</b> | <b>221</b> |



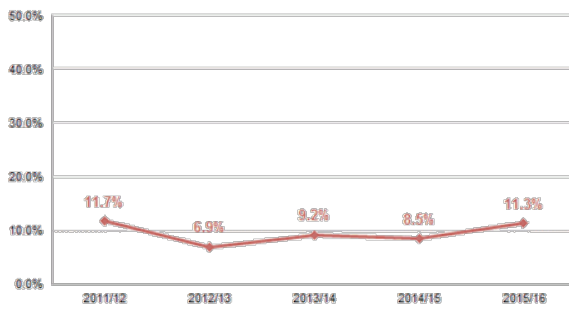
Our banding profile is generally consistent with comparable regional councils. Bands 2 and 3 are predominantly outdoor and community care workers. Bands 4 and 5 are general administrative staff. Bands 6 and 7 consist of technical specialists, team leaders and coordinators. Band 8 consists of highly specialised, technical experts who may also have a supervisory role.

**Our workforce by generation**



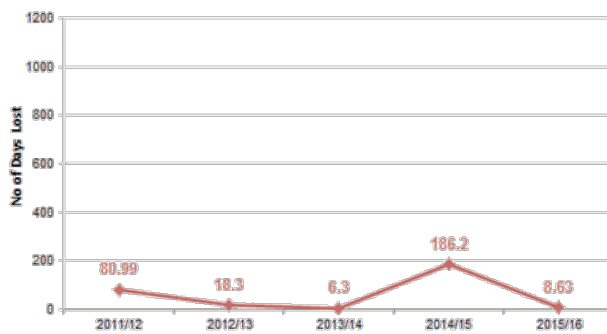
The profile highlights the ageing nature of our workforce and the looming significant loss of skills and expertise as our Baby Boomer population moves towards retirement.

**Annual staff turnover rate**



Our turnover increased this year, but was still broadly consistent with the variations that have occurred over the past 5 years.

**Days lost due to injury**



We had a significant decrease in days lost due to injury during this reporting period, a total of 8.63 full-time equivalent (FTE) days compared with 186.2 FTE days in 2014/15 (refer table on page 34). This was influenced by early intervention and return to work support of four minor workplace injuries.

## Awards and Recognition

### Australia Day citizen of the year

Denise Hooke is Colac Otway Shire's 2016 Australia Day Citizen of the Year. Denise has demonstrated an *'unwavering passion to help young people achieve success in the face of adversity'* said Kaye Potter, one of three individuals who nominated Denise for the award.

Denise is the driving force behind Turning Point, an education program to help disengaged teenagers reconnect with their studies within a small, tailored and supported learning environment. Enrolments are growing and students come to Turning Point with a wide range of disabilities, risk factors and health concerns.

In addition to her teaching commitments, Denise has been a member of the Otway Health board for 20 years, a member of the Southern Otway Landcare Network for more than a decade, and also volunteers with the Apollo Bay Pony Club and show committee.

### Young citizen of the year

Tess O'Brien is Colac Otway Shire's Australia Day Young Citizen of the year. Tess completed Year 12 at Trinity College in 2015 as a prefect. She has been studying Bahasa Indonesian since Year 7 and has consistently excelled in her studies, being acknowledged by the Indonesian Consulate in Melbourne for her continued dedication to being an ambassador and strengthening relationships between Australia and Indonesia.

Tess's Indonesian studies have opened doors to amazing adventures including a cultural and language tour of Asia, releasing Olivea Sea Turtles in Bali and fundraising for the plight of Borneo orangutans.

Having completed Year 12, Tess plans to complete her English as a Second Language Certificate in Bali and continue working in the education field in Indonesia. She then wants to return to Australia and go to university in Melbourne to study physiotherapy.

### Community service award

Eric Hay received the Community Service Award for his dedication to Warrion's sporting facilities. At the age of 77 years, the Warrion cricket and football club stalwart is still the primary caretaker of the Panthers' premium-standard turf wicket, considered one of the best grounds in country Victoria.

Eric took charge of Warrion's ground in the late 1970s when turf was introduced and used his own tractor and farm equipment to mow the wicket and keep the facilities in pristine condition. Upon retiring he donated the tractor to the cricket club, where it remains today. During peak season Eric, in his role as chief curator of the Warrion cricket ground, can be found at the ground six to seven days of the week.

### Sporting Service Award

Geoff Coghill was the recipient of the Sporting Service Award. Spanning 50 years, Geoff has umpired almost 1,200 local football matches. He took up umpiring in Geelong in 1965 and continued when he moved to Colac in 1968 to work as an optometrist. In total, Geoff has officiated at more than 600 matches as a central umpire, and four senior grand finals in the former Hampden league.

Geoff has occupied many positions with the Colac Umpires' Association, including president, selection committee member, executive member and training supervisor. For the past 10 years he has served as the association's record keeper, and is also president of the group's social committee.

Geoff is also handy with the badminton racquet and cricket bat. In badminton, he has represented Colac teams on the veteran circuit for 15 years playing across regional Victoria. On at least five of those occasions Geoff's team has brought home silverware. He has served as president, secretary or treasurer (sometimes holding two of the positions at the same time) for the Colac Badminton Association for the past 20 years.

Geoff's support of local sport continues off the field as an active member of the Colac Sportsman's Club.



### Arts Service Award

Christine West was awarded the Colac Otway 2016 Arts Service Award for her intelligent, humorous and highly skilled embroidery and textile art, and uses the skills forged during her years as a teacher to lead textile workshops for the young, and young-at heart. Christine's latest project is leading a team of volunteers on an embroidery restoration project for an antique religious work housed at the Christ Church, ahead of the church's 150th anniversary in 2017.

### Young ambassador of the year

Hana Day was the winner of the Colac Otway Shire's Young Ambassador Award for 2015-2016. Hana stood out for her outstanding leadership and mentoring skills, excelling as a student leader and public speaker, in addition to her strong academic performance.

The Young Ambassador Award acknowledges young people's community involvement and levels of achievement. The winner receives \$1,000 to assist with further study or to develop other areas of interest.

### Eighteen new citizens call Australia home

During 2015/16 eighteen new citizens formally made Australia home. Our new citizens have come to join our community from Belgium, Canada, China, India, Indonesia, Korea, New Zealand, the Philippines, United Kingdom, United States of America and Zimbabwe.

## Thanking our Volunteers

We acknowledge and thank our amazing volunteers for their wonderful contribution to our community.

This year 861 volunteers, 346 more than last year, provided invaluable support to Council in the delivery of a range of services and programs, including:

- Supporting our environment through tree planting on National Tree Day and environment protections activities such as Clean Up Australia Day.
- Support for the aged and persons of all abilities through:
  - *Delivery of "Meals on Wheels"*. Volunteers also monitor the wellbeing of those they visit and report back to council if the person is unwell, has a stranger in the house or is in need of additional support.
  - *Community transport services*. This is important in our rural area, with large distances to some services. Volunteers provide a door-to door transport service to assist with local tasks, such as shopping, and health needs, such as health appointments.
- Tourism support. Volunteers provided vital support to tourism services at the Colac and the Great Ocean Road (Apollo Bay) Visitor Information Centres (VIC's). The VIC's run seven days a week, only closing on Christmas Day. Our volunteers provided customer service, promoted the region and shared their local knowledge.

## Sustainability Report

Our sustainability report addresses the three key areas recognised internationally as crucial to responsible, sustainable development in our rapidly changing world: social (human needs), the environment and economic development. By reporting on sustainability our intention is to provide a concise overview of the way we address these three key areas in the management of our responsibilities.

### Social Strategies

#### Policy commitment

Our suite of policies and guidelines underpin our dedication to Occupational Health and Safety, Health and Wellbeing, Human Rights, Diversity and Inclusion, Equal Employment Opportunity, Staff Code of Conduct, Appropriate Workplace behaviour and options for raising and resolving workplace grievances. Our objectives are to ensure we are transparent in relation to our social responsibilities, encourage work/life balance, safety, health and wellbeing and provide a strong message that unacceptable workplace behaviour will not be tolerated.

#### Human resources

The introduction of the Flexible Work Options Policy and accompanying Toolkit in November 2014 has had a very significant impact on raising staff awareness of flexible work options available and how they can be accessed. This is evidenced by the fact that there has been a 63% increase in staff taking up flexible work arrangements, from 14 in 2014/15 to 22 in 2015/16 (see page 27).

#### Workforce Profile

The workforce turnover rate increased in 2015/16 to 11.3% up from 8.5% in 2014/15. The increase remained consistent with trends over the past five years.

We align our workforce demographic reporting with the MAV Human Resources Benchmarking Survey. This enables us to compare our workforce profile directly with Councils of a similar size. The survey report is not available until December 2016 meaning

that whilst we are able to provide our data for 2015/16 we can only compare data with other similar councils for 2014/15. Our demographic profile was generally consistent with councils of a similar size; all notable for their ageing workforce.

#### Occupational health and safety

Providing a safe and healthy workplace for our staff, contractors, volunteers and visitors is a major focus. Our Occupational Health and Safety Consultative Committee meet quarterly, with all areas of our organisation represented on the committee through designated work groups. Safety training is a vital component of the program and staff participated in a range of training and activities during 2015/16 (see page 27).

#### Learning and development

Learning and Development needs are identified through our performance review framework which includes a six month and end of year review for all staff. Our focus is on supporting the development of employees in their current roles and building their skills to help them achieve their future career aspirations.

Our spend on learning and development in 2015/16 (inclusive of on-costs) was \$321,281 an increase of \$31,486 (10%) over 2014/15. Feedback data collected on the learning and development programs conducted in house indicated that approximately 95% of programs were rated as very good or excellent.

The mix of learning and development options offered included a larger number and mix of in-house training and releasing of staff to attend "short courses", seminars and conferences. Staff are also strongly encouraged and supported to participate in further education through the provision of tertiary study assistance. Our Transition-to-Retirement program continues to be very popular, consistent with the ageing nature of our workforce, this program was conducted again in 2015/16 and will be offered each year on an ongoing basis (see page 28).

## Society Strategies

### Planning and support for our community

The Public Health and Wellbeing Plan 2013-2017 recommends a number of actions within 10 specific domains. Recommendations address:

- an ageing population
- disadvantage in the early years
- increasing physical activity
- public health
- food security
- mental health
- prevention of violence against women and children
- supporting healthy behaviours
- reduction of harm from alcohol, tobacco and other drugs.

The success of these recommendations depends upon ensuring health enablers being embedded into what we do and how we do it. Health enablers include governance and leadership, evidence (provided through information systems), resourcing, workforce development, partnerships and developing community capacity.

A Health and Wellbeing Alliance is being developed amongst a number of local health and community service providers and agencies to collectively implement a number of the systems and processes that underpin the Plan. Working together in this way will better support outcomes addressing our community health and wellbeing needs.

### Positive Ageing Ambassador Toolkit

With support from the Municipal Association of Victoria and funding from the Department of Health and Human Services we have developed a toolkit to explain to other councils our approach in the Positive Ageing Ambassador Project.

The project identified a range of ongoing options for older people to be involved in governance, advocacy, advisory and community development roles. The highly successful project provides valuable learnings to be shared with councils and older people about improving liveability for older people.

The benefit of this project was that it showed in very real terms how older people within their communities can lead conversations, advocate for change, and inform Council on the local needs of our ageing communities.

### Grants and donations to the community

To assist our community undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups and organisations. In 2016 we gifted a total of \$511,686 to our community; \$150,525 as a result of applications for funding by community groups and organisations for a variety of projects ranging from minor maintenance to sporting clubs and arts and theatre groups, and \$361,161 was allocated to support community events and organisations. Aggregated over the last five years, this is a \$2.28 million investment in the social fabric of our community.

## Environmental Strategies

### Environmental sustainability policy

Our Environmental Sustainability Policy has been in place since June 2012. It documents the organisational commitment to addressing sustainability in all council operations and services. It is a 'Statement of Intent' that can be used to communicate to the community a commitment to continually improving environmental sustainability over time. Council's target is to be carbon neutral by 2020.

<http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Other-Policies-16>

### Putting an energy efficient 'spotlight' on the stage

We upgraded 120+ lights in the Colac Otway Performing Arts and Cultural Centre's (COPACC) main auditorium with energy efficient LED lights - from 100W halogen lights to 13W LED globes. The old halogen system used 12.8 KW per hour, while the LED system uses 1.66 kW per hour of operation, reducing energy consumption associated with these lights by 87% and saving Council approximately \$4,000 in electricity costs annually.

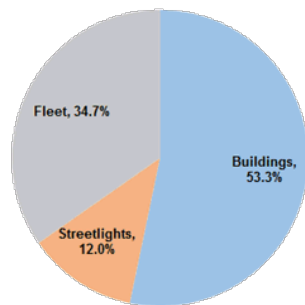
**Total greenhouse emissions (CO2-e tonnes)**

During the last five years our greenhouse gas emissions have reduced by 24%. While 2015/16 continued the downward trend, there was some significant movement in results for Buildings and Street Lights:

|         | Buildings | Street Lights | Fleet | Total        |
|---------|-----------|---------------|-------|--------------|
| 2011/12 | 1,974     | 1,067         | 1,604 | <b>4,646</b> |
| 2012/13 | 1,959     | 1,048         | 1,578 | <b>4,585</b> |
| 2013/14 | 1,683     | 1,011         | 1,414 | <b>4,109</b> |
| 2014/15 | 1,403     | 869           | 1,520 | <b>3,792</b> |
| 2015/16 | 1,924     | 434           | 1,253 | <b>3,610</b> |

Source: 2016 Planet Footprint Report

**Proportion of Greenhouse Emissions (CO2-e tonnes)**



**Buildings**

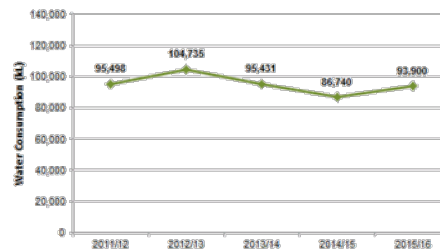
Building emissions increased by 16% in 2015/16 due to two factors:

1. Increased electricity consumption resulting from the Wye River fires; firstly, because of the use of the Colac Rae Street offices during the Christmas/New Year period when our offices are usually closed. Secondly, the addition of a portable building to house the Bushfire Recovery team, which was powered via Rae Street/COPACC.
2. The Bluewater leisure centre was reopened late in 2015.

**Street Lights**

The street lighting emissions reduction is the result of the street lighting upgrades that commenced in July 2014 and were completed in February 2015. There is some lag for the data to catch up (billing, etc.) so the total annual reduction of emissions as a result of the lighting upgrade are reflected in the 2015/16 period.

**Total water usage for council facilities (kilolitres)**



Water usage increased by 10% from 2014/15, largely due to the reopening of the Bluewater leisure centre.

**Economic Strategies**

Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership initiatives across economic, social and environmental strategies. We focus on seven key themes:

- Workforce Development
- Climate Change
- Business Development
- Regional Development Planning
- Marketing and Promotion
- Infrastructure
- Economic Development Leadership

**Sustainable growth**

One of the key challenges for Colac Otway Shire is low population growth and the impact this will have on sustaining the economy and local community. We have an ageing population and to combat this trend we have developed a range of linked strategies that are anticipated to encourage more people to move and live in Colac.

The Colac Central Business District and Entrances Redevelopment project is due to commence, with detailed design completed. The project is designed to implement streetscape and amenity improvements in central Colac and to provide an inviting sense of arrival at the town's entry points. It will draw on consultation with Colac traders and



community members to create a sense of arrival and a sense of pride in Colac.

Ongoing development of the local tourism industry to take advantage of growth markets and changes in existing markets continues to be a focus. The Shire's two Visitor Information Centres continue to provide information to around 168,000 visitors per year but this is trending down (a drop of 9% over the last five years) as visitors seek more information online.

In response, we have been working with tourism operators and networks to grow the digital presence of our local tourism industry. A key element of this work is the new WiFi networks provided at key tourism destinations across the Shire as part of our partnership with Great Ocean Road Regional Tourism.

The annual Small Town Improvement Program continues to develop projects at the township level that will contribute to local employment and township sustainability.

#### Business development

We continued to run a range of business events on topical issues of particular importance to local small and medium enterprises. Further information on issues such as grant information or training opportunities are disseminated through the Shire's actively managed business directory.

We also worked directly with individual businesses assisting them with their business development projects such as new buildings, business expansion, grant submissions etc.

#### Sustainable labour force

As one of the major employers in the shire, Council contributes to the local economy through drawing the majority of its employees from the local community or region.

Planning has commenced on the development of a new Economic Development Strategy that will examine, amongst other things, how the Shire can best support the diverse local economy to grow in a way that creates sustainable jobs, and what resources will be

required for this task. Work performed to date has indicated that key growth sectors will centre on tourism and food processing around Colac.

Key to taking advantage of the new opportunities in food and fibre processing will be a sufficiently educated, trained and prepared workforce. As part of the Advancing Country Towns Project, workforce development plans for some of Colac's largest employers were completed. The plans inform both industry and the community of where the jobs will be in the years ahead.

#### Regional Engagement

The Shire continues to participate in regional level bodies including G21 and Great Ocean Road Regional Tourism. This allows for cooperation and collective advocacy over an area that stretches from Melbourne's fringes to the South Australian border. This high level cooperation also promotes efficiency in collective research, marketing and strategy development through projects such as the Great Ocean Road Strategic Master Plan. This type of project leverages small investments from individual councils to deliver significant regional level strategic work that would be beyond the means or capability of individual councils.

Similarly, the Geelong Regional Opportunities for Work (GROW) project, developed by G21, focusses on addressing disadvantage and has leveraged private sector and philanthropic support from across the Geelong region for a project that will run for ten years.

#### Procurement

A Procurement Policy and Operational Procedures were originally adopted in 2010 and are reviewed annually. These documents set out a 'green' approach to the purchase of products and services. Within the context of value for money, Council prefers to purchase products that have good environmental sustainable credentials and to select suppliers who adopt good environmental practices.

Council recognises the need to support local industry and is committed to buying from local businesses where purchases may be

justified on a value for money basis. Benefits of buying local include:

- Retention of local employment
- Increased local employment
- Increased activity and spend in the local economy with identifiable benefits

The application of local content is always in the context of Best Value Principles in the *Local Government Act 1989* and the National Competition Policy (*Competition and Consumer Act 2010*).

#### Long Term Financial Plan

The Long term Financial Plan (LTFP), provides a long-term focus on the prospects and ambitions of the Colac Otway Shire Council and our community. It is a tool aimed at focussing continuous attention on the shire's future needs.

It is expected that future councils will build upon the plan and that Strategic Resource Plans and annual budgets will have the LTFP as their keystone document.

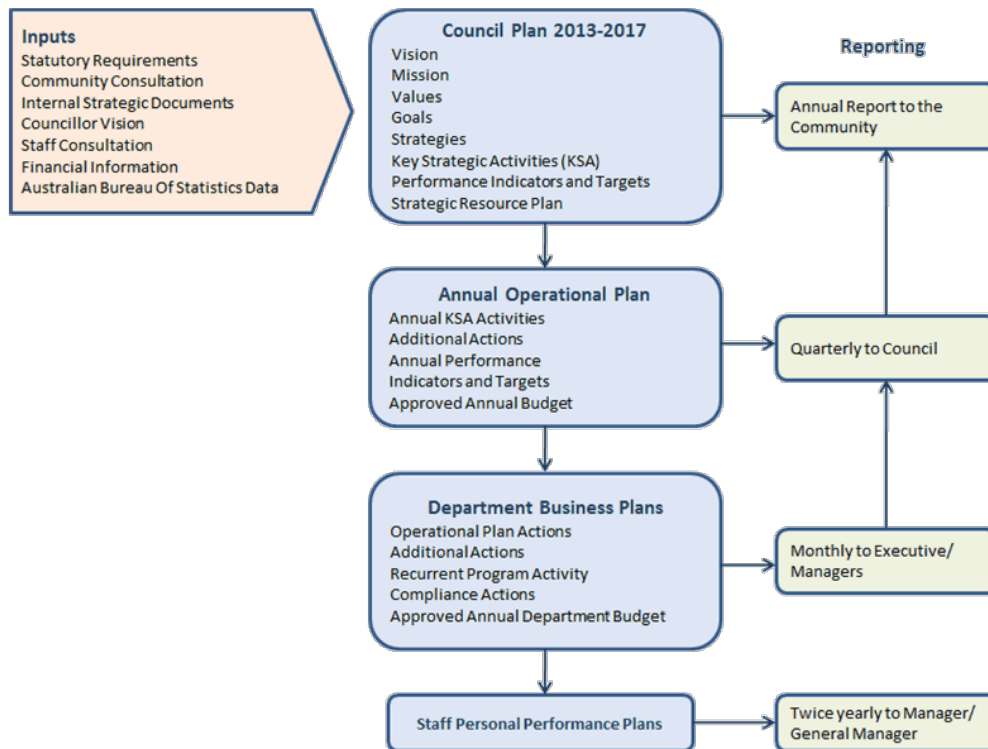
The purpose of the LTFP is to:

- Establish a financial framework over the next 10 years to ensure Council's strategic objectives are met.
- Provide an assessment of the resources required to accomplish these objectives and strategies.
- Provide a basis for consecutive councils to establish and monitor long-term visions.
- Establish a basis to measure Council's adherence to its policies and strategies.
- Assist Council to comply with sound financial management principles and to plan for the long-term financial sustainability of the municipality.

## Corporate Planning and Reporting

Our integrated business planning generates strong linkages between the Council Plan, annual Department plans and employees' individual plans.

To further strengthen these linkages significant effort went into the development of our 2013-2017 Council Plan, along with the introduction of an accompanying organisational annual Operational Plan. This plan sits between the Council Plan and Department Business Plans. The new structure allows the Council Plan to be a truly strategic, outcome focussed plan, and gives the annual Operational Plan the necessary flexibility to respond to changing conditions.



The following table provides an overview of reporting intervals and the audiences that receive reports:

| Performance Report   | Content                                                                                                                                                                                      | Audience                                                                            | Interval               |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------|
| Annual Report        | Report of operations<br>Achievement in line with Council Plan strategies<br>Victorian Local Government Indicators<br>Legislative compliance<br>Financial management<br>Performance Statement | Colac Otway community, Council, State Government, businesses, partners and visitors | Annual by 30 September |
| Financial Management | Financial position                                                                                                                                                                           | Council, CEO and General Managers                                                   | Quarterly to Council   |



| Performance Report                              | Content                                                       | Audience                                    | Interval                                          |
|-------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|---------------------------------------------------|
| Council Plan Key Actions and Operational Report | Achievement in line with Council Plan strategies              | Council, CEO, General Managers and Managers | Quarterly                                         |
| Department Report                               | Progress according to Department actions                      | CEO, General Managers and Managers          | Monthly                                           |
| Employee Personal Plans                         | Progress against personal plan actions                        | Employee and their Manager                  | Twice a year                                      |
| Capital Works                                   | Progress according to implementation schedule and expenditure | Council, CEO, General Managers and Managers | Monthly to the Executive and Quarterly to Council |

### Local Government Performance Reporting Framework

The Victorian Government introduced the Local Government Performance Reporting Framework (LGPRF) in 2014 to ensure that all councils measure and report their performance on a range of services in a consistent way. Legislation was enacted to support the framework, with the *Local Government Amendment (Performance Reporting and Accountability) Act 2014* and the *Local Government (Planning and Reporting) Regulations 2014* (Regulations) coming into operation on 18 April 2014.

This is the second year reporting against the framework and the first time that a comparison can be made with the previous year's results. The Regulations require that, once available, a three year rolling comparison of data will occur in the annual report, with schedules 1 - 3 of the Regulations requiring a specific reporting format.

Broadly, the framework consists of service indicators, which appear in the report of operations (performance) section of the report (commencing on page 44), a governance and management checklist, shown in the Corporate Governance section (see page 72) and a range of financial, service and sustainability indicators that form the audited Performance Statement (see page 141).

Our report of operations mirrors the four pillar structure of our Council Plan 2013-2017 <http://www.colacotway.vic.gov.au/Council-the-shire/Reports-strategies-plans/Strategies-plans#Council-Plan-1> and the LGPRF service results have been allocated relevant to the services provided under each pillar. The State Government 'Know Your Council' website was launched in November 2015, making comparative results with like-sized councils available on-line.

## Council Plan Performance Reporting

### Pillar 1: Good Governance

Our goal for this Pillar of the 2013-2017 Council Plan is to '*ensure transparency of governance practices, the capability of our organisation and effective resource management*'.

Four strategies contribute to achieving this goal:

1. Transparent and accountable decision making.
2. Prudent and accountable financial, asset, risk and resource management.
3. Effective community engagement and participation.
4. Embed an organisation culture of high performance, service excellence and safety.

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on page 43.

#### Services contributing to this Pillar

The following services/activities contribute to achieving the strategies and goal for this Pillar:

- Governance
- Local Laws (ensuring adequacy and currency of laws)
- Resource Management (maintaining the assets we use to deliver services to the community):
- Our People
- Finance

## Highlights

### Bushfire recovery for our community

Council has worked with the Wye River and Separation Creek communities to recover from the bushfires that commenced on Christmas Day 2015. It has worked with other agencies to provide immediate relief as well as ongoing support services. A Community Resilience Committee was established which has assisted Council in communications with the community.

Council has established a one stop shop service to provide coordinated advice to residents for rebuilding across locations in Melbourne, Wye River, Apollo Bay and Colac, which has worked very effectively. It has also facilitated a streamlined assessment process for all rebuilding applications.

Significantly, Council has worked effectively with other agencies to repair damaged infrastructure, and has secured significant State Government funding, which will be used to implement a new stormwater drainage system which will make the towns more resilient to landslip in the future.

### Preparing for Council elections

In preparation for Victorian Local Government elections, to be held on 22 October 2016, processes commenced to ready Council and the organisation for the period leading up to the elections and the election itself. The *Election Period (Caretaker) Policy* was reviewed and adopted in March 2016 to meet the requirements of the *Local Government Improved Governance Act*, implemented in November 2015. The Policy includes new provisions to support transparency, accountability and good governance during the Election Period, 21 September to 22 October 2016. The former Colac Library Annexe will be used as temporary office accommodation for the Victorian Electoral Commission to conduct the election.

### Improving the Asset Management System

The implementation of the Strategic Asset Management Module (SAM) was completed during 2015/16. SAM is a planning tool that is part of Council's broader asset management

system and will be crucial in formulating future budgets and developing works schedules. The module has the capability of analysing various funding models, which can optimise the timing of works to improve and renew Council’s infrastructure assets.

**Maintaining our major plant assets**

Major plant is routinely replaced, usually on a rolling 10 year program, to ensure safe, reliable and efficient equipment is available to undertake our asset maintenance and reconstruction responsibilities. The following major plant items were purchased during 2015/16:

|                                      |                  |
|--------------------------------------|------------------|
| Caterpillar 12M with freeroll roller | \$409,000        |
| Toro Groundmaster - Tri Deck         | \$92,000         |
| Tradesman Trailer                    | \$6,465          |
| Trailer 12' x 6'6" (x2 @ \$7,829)    | \$15,658         |
| <b>Total</b>                         | <b>\$523,123</b> |

**Managing Council’s property portfolio**

Significant work was undertaken to develop and implement processes relating to the management of Council’s building and property portfolio. A review of Council’s property leases has been completed and various community and commercial leases and licences are being formalised to make sure that Council facilities are put to best use.

**Challenges**

**Rebuilding infrastructure damaged in the bushfires**

Council will need to complete infrastructure restoration works, including the repair of roadside retaining walls, which will require liaison with private land owners concerning the scope of works where retaining walls support private driveways.

**Asset Management Strategy**

A review and update of Council’s Asset Management strategy is required in order to support improved asset management practices.

The National Asset Management Assessment Framework (NAMAF) is a methodology for assessing the maturity of a Council’s Asset Management practices and processes. Council is close to achieving a ‘core status’ in asset

management as assessed under this framework and further work is required to bridge some gaps. In order to achieve a core level of maturity, the focus for improvement in Council’s asset management capabilities will be:

- Finalising Asset Management Plans for key infrastructure asset types.
- Integration of asset management with service planning.
- Integration of infrastructure capital works planning into the Long Term Financial Plan

**The Year Ahead**

- Repair of bushfire damaged infrastructure utilising State Government funding.
- Installation of new drainage at Wye River and Separation Creek.
- Continued support to private land owners seeking to rebuild their homes through the one stop shop service.
- Induction and support to newly elected Councillors.
- Enhancements to Council’s assets data.
- Implementing a strategic approach to Council’s diverse property portfolio.
- Continued preparation of Asset Management Plans for key community infrastructure asset types.
- Implementation of the Learning Management System.

**Fast Facts**

|        |                                                |
|--------|------------------------------------------------|
| 97.5%  | Rates collected by year end.                   |
| 15,082 | Property assessments.                          |
| 1,102  | Non-rateable property assessments.             |
| 2,346  | Pension rebates on property rates.             |
| 1,009  | Land information certificates issued.          |
| 26,970 | Debtor invoices issued.                        |
| 6,838  | Supplier payments processed.                   |
| 70,696 | Receipts issued.                               |
| 106    | New properties mapped.                         |
| 98,924 | Inwards and outwards correspondence processed. |

### Progress against our 2015/16 commitments:

| Activity                                                                                                                                                                                                                                                                                                                        | Progress |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Strategy: Prudent and accountable financial, asset, risk and resource management.</b>                                                                                                                                                                                                                                        |          |
| <i>Implement Council's Risk Management System.</i>                                                                                                                                                                                                                                                                              | 75%      |
| <i>Target: Stage 1: Review Council's Risk Management framework for potential key fraud and corruption gaps. The Independent Broad-based Anti-corruption Commission (IBAC) Survey results have been completed and a plan will be developed to address the key outcomes and issues resulting from the Survey.</i>                 |          |
| <i>Implement Council's internal audit program.</i>                                                                                                                                                                                                                                                                              | 75%      |
| <i>Target: Complete internal audits as per audit schedule. Respond to all audit recommendations. Meet budget of \$53,000 +/- 5%. All internal audits commenced, with two to be finalised in September 2016. Responses to all audit recommendations provided to Executive and the Audit Committee. \$53,000 budget expended.</i> |          |
| <i>Staged implementation of the National Asset Management Framework.</i>                                                                                                                                                                                                                                                        | 100%     |
| <i>Target: Stage 3 of Asset Project completed. Meet budget of \$25,000.</i>                                                                                                                                                                                                                                                     |          |
| <i>Develop a revised Closed Landfill Rehabilitation Plan.</i>                                                                                                                                                                                                                                                                   | 50%      |
| <i>Target: Revised Closed Landfill Rehabilitation Plan completed and reported to Council. A landfill management officer has been appointed to manage the development of a long term landfill rehabilitation plan.</i>                                                                                                           |          |
| <i>Develop a Sustainability Strategy in response to rate capping.</i>                                                                                                                                                                                                                                                           | 90%      |
| <i>Target: Sustainability Strategy developed and adopted by Council Budget and Strategic Resource Plan adopted by Council. Draft Long Term Financial Plan completed.</i>                                                                                                                                                        |          |
| <i>Develop an advocacy strategy for the forthcoming Federal election</i>                                                                                                                                                                                                                                                        | 100%     |
| <i>Target: Advocacy Strategy completed.</i>                                                                                                                                                                                                                                                                                     |          |
| <b>Strategy: Embed an organisation culture of high performance, service excellence and safety.</b>                                                                                                                                                                                                                              |          |
| <i>Undertake service reviews.</i>                                                                                                                                                                                                                                                                                               | 90%      |
| <i>Target:</i>                                                                                                                                                                                                                                                                                                                  |          |
| <ul style="list-style-type: none"> <li>• Statutory Planning review completed.</li> <li>• Library Annexe review completed.</li> </ul>                                                                                                                                                                                            |          |
| <i>Statutory Planning and Library Annexe reviews completed.</i>                                                                                                                                                                                                                                                                 |          |

### Comparative performance statistics

The following table compares our performance with councils of similar size and the state-wide average. The source of the data is the Local government Community Satisfaction Survey. Results are an indexed mean; highest score is 100.

|                                     | Colac Otway Shire |         |         | Large Rural Shires | State-wide |
|-------------------------------------|-------------------|---------|---------|--------------------|------------|
|                                     | 2013/14           | 2014/15 | 2015/16 | 2015/16            | 2015/16    |
| Overall Performance of Council      | 48                | 53      | 48      | 54                 | 59         |
| Advocacy on behalf of the community | 50                | 51      | 50      | 50                 | 53         |
| Community consultation              | 49                | 50      | 48      | 52                 | 54         |
| Customer service                    | 62                | 64      | 67      | 67                 | 69         |

Source: Local government Community Satisfaction Survey 2016, Department of Planning and Community Development, prepared by JWS Research.

### Local Government Performance Reporting Framework

As noted on page 40 the following Governance indicators form part of the new reporting requirements for all Victorian councils. This is the second year reporting against the framework allowing for a comparison to be made against results for 2014/15. The reporting format is prescribed in schedule 2 of the *Local Government (Planning and Reporting) Regulations 2014*.

| Service/Indicator/measure                                                                                                                                                                                                                                                                                                                                                                                                                            | 2014/15  | 2015/16  | Material Variations and Comments                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governance</b><br><b>Transparency</b><br><i>Council decisions made at meetings closed to the public</i><br>[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors ] x100 | 12.04%   | 13.85%   | Results indicate a low percentage of meetings closed to the public because they have particular sensitivities, such as commercial-in-confidence. |
| <b>Consultation and engagement</b><br><i>Satisfaction with community consultation and engagement</i><br>[Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]                                                                                                                                                                                                                           | 50       | 48       | This result is per the Local Government Community Satisfaction Survey 2016.                                                                      |
| <b>Attendance</b><br><i>Council attendance at Council meetings</i><br>[The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100                                                                                                                                                  | 97.28%   | 97.52%   | Results indicate a high level of attendance at Council ordinary and special meetings.                                                            |
| <b>Service cost</b><br><i>Cost of governance</i><br>[Direct cost of the governance service / Number of councillors elected at the last council general election]                                                                                                                                                                                                                                                                                     | \$39,439 | \$39,945 | Costs are within expectations.                                                                                                                   |
| <b>Satisfaction</b><br><i>Satisfaction with council decisions</i><br>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]                                                                                                                                                                                                                                                  | 48       | 43       | An action plan is being developed aimed at improving community satisfaction.                                                                     |



## Pillar 2: A Planned Future

Our goal for this Pillar of the 2013-2017 Council Plan is to '*facilitate the growth, liveability and development of the shire and encourage innovation and efficiency in the local economy*'.

Five strategies contribute to achieving this goal:

1. Plan for future land use to respond to population growth and changing needs.
2. Develop an integrated response to meet future infrastructure needs.
3. Advocate for improved public transport.
4. Promote local business, services and foster employment opportunities.
5. Grow tourism to support the local economy.

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on pages 48.

### Services contributing to this Pillar

The following services/activities contribute to achieving the strategies and goal for this Pillar:

- Land use and planning
- Economic development
- Tourism
- Infrastructure (planning for the built environment and future growth needs – improving access to services)
- Emergency management planning

## Highlights

### Planning future economic development for Colac

Council completed the *Colac Township Economic Development, Commercial and Industrial Land Use Strategy*. The strategy sets out Council's plans for future economic development activities in Colac and is on exhibition. The strategy, together with other land use based economic development activities, is being implemented via Planning

Scheme Amendment C86. This large scale planning scheme amendment includes (but is not limited to) the rezoning of additional industrial land to support the expansion of some of Colac's largest employers, new controls to help fast track planning permit applications and to provide the potential for new employers to enter the market.

### Rezoning for Wyuna Estate

We facilitated a major rezoning along Harris Road, Elliminyt, to provide for an expansion of the existing Wyuna Estate. This included a legally binding commitment to provide a part of the Beechy Line Railway reserve to Council as an open space reserve in future when the land is subdivided. The amendment went to a planning panel at which Council was successful in upholding its position.

### Apollo Bay Harbour Development Plan project

Amendment C73 has rezoned Apollo Bay harbour precinct to Special Use Zone (SUZ) and introduced Schedule 2 to the SUZ. The Schedule requires a Development Plan to be developed to guide future use, developments and infrastructure provisions within the precinct. Council has appointed a Project Control Group, which consists of representatives from the community, State agencies and Council officers to further the development of the Plan.

### Growth in tourism

Council and Great Ocean Road Regional Tourism (GORRT) have delivered a number of local tourism development plans that focus on growing visitation to particular destinations as well as an overall Great Ocean Road regional plan. Council's regional partnerships with GORRT have developed high quality evidence-based digital marketing campaigns that sell our region to the world.

Council's expertise in tourism promotion and event generation and management has also come to the fore in responding to the economic effects of the Wye River bushfires with Council staff directly engaged in creating new events in bushfire affected communities along the coast as well as contributing multi-agency fire recovery planning and delivery.

### Economic Development

Growth in manufacturing employment has been strong, defying a downward trend in many other regions. In particular, Council has worked with some of Colac's largest manufacturers on growth plans that will significantly increase the number of new jobs in Colac. Council has assisted these employers to navigate through the planning process and has supported them with professional economic modelling and other data to support grant applications to the State and Federal Governments.

In response to the significant drop in farm gate prices in the dairy sector, Council has worked with other local governments in the region and the State Government to develop policy and program responses geared toward the survival of what is an economic mainstay of South West Victoria.

### Disappointments

#### Impact of reduced farm gate prices on the dairy industry

Several large investors have investigated sites around Colac for new milk processing facilities which would provide a source of long term well-paying jobs; however the international market conditions in the dairy sector have led to farm-gate price reductions locally and a lack of demand for product globally. The Colac 2050 project will identify new areas for industrial development in the future so that the Colac Otway Shire will be primed to take an advantage of an upturn in the global dairy market.

### Challenges

#### Closing public roads for events

Access arrangements to the Great Ocean Road for a number of cycling and running events require a balanced approach between public access and local amenities. Council is committed to an open and transparent process for access to this important piece of public infrastructure as well as positive economic returns to the local community.

### The Year Ahead

- Development of the Colac 2050 plan.
- Pursuing the adoption of Amendment C86 and the associated Colac Township Economic Development, Commercial and Industrial Land Use Strategy.
- Development of a 'cutting red tape' amendment to reduce the number of planning permits required and to make the process easier.
- Completion of the Economic Development Strategy
- Completion of the Events Strategy
- A review of the Small Town Infrastructure Program and Small Town Community Plans.



**Planning applications**

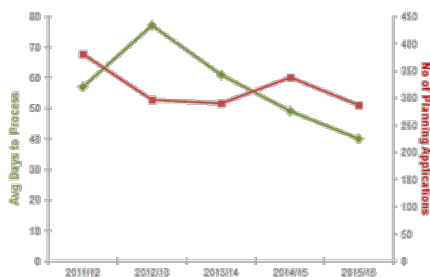
|         | Applications Received | Avg days to process | Appeals to VCAT* | Council Decisions Upheld |
|---------|-----------------------|---------------------|------------------|--------------------------|
| 2011/12 | 382                   | 57                  | 11               | 7                        |
| 2012/13 | 297                   | 77                  | 10               | 8                        |
| 2013/14 | 290                   | 61                  | 8                | 5                        |
| 2014/15 | 338                   | 49                  | 3                | 3                        |
| 2015/16 | 287                   | 44                  | 3                | 1                        |

\* Victorian Civil and Administrative Tribunal

**Building applications**

|         | Number of Applications | Average Days to Assess | Average Days to Issue Permit |
|---------|------------------------|------------------------|------------------------------|
| 2011/12 | 95                     | 18                     | 36                           |
| 2012/13 | 54                     | 20                     | 33                           |
| 2013/14 | 53                     | 14                     | 24                           |
| 2014/15 | 55                     | 7                      | 17                           |
| 2015/16 | 63                     | 10                     | 12                           |

**Planning applications decided within the 60-day statutory timeframe**



In 2012/13 the introduction of SPEAR for electronic lodgement of planning permit applications unexpectedly added a significant administrative burden, increasing processing times. Changes introduced reflect positively on the following years' results.

**Grants received from government sources**



The sharp increase in grant monies in 2011/12 was due to funding received for the redevelopment of Bluewater fitness centre

**Fast Facts**

- 475 People attended local business development forums.
- 16,224 Phone calls to Visitor Information Centres.
- 168,340 Walk-in visitors to Visitor Information Centres.

### Progress against our 2015/16 commitments:

| Activity                                                                                                                                                                                                                                                                                                                                                                       | Progress |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Strategy: Plan for future land use to respond to population growth and changing needs.</b>                                                                                                                                                                                                                                                                                  |          |
| <i>Develop a Colac 2050 Plan.</i>                                                                                                                                                                                                                                                                                                                                              | 93%      |
| <i>Target: Prepare Colac Economic Development &amp; Land Use Strategy and commence planning scheme amendment to implement. Background report prepared. Meet revised budget of \$132,000 +/- 5%.</i>                                                                                                                                                                            |          |
| <i>Strategy and amendment prepared and currently on public exhibition. Report to be finalised in July 2016. The overall project budget for Colac 2050 is \$260,000 spread over three years. The budget was revised from \$75,000 in order to deliver the technical assessments required for the Background Report.</i>                                                         |          |
| <i>Apollo Bay Harbour Master Plan.</i>                                                                                                                                                                                                                                                                                                                                         | 50%      |
| <i>Target: Development Plan commenced.</i>                                                                                                                                                                                                                                                                                                                                     |          |
| <i>Apollo Bay Harbour Expression of Interest Process Project Control group formed and actively running. This process will help to ascertain whether a Development Plan is market viable, given current controls and associated capital works requirements.</i>                                                                                                                 |          |
| <i>Redevelopment of the former Colac High School site</i>                                                                                                                                                                                                                                                                                                                      | 0%       |
| <i>Target: Receive a portion of the site for Open Space</i>                                                                                                                                                                                                                                                                                                                    |          |
| <i>The Department of Education and Training have advised that the rezoning process of the former Colac High School land will commence in 2016/17, and the rezoning will be undertaken by the Minister for Planning using the Standing Advisory Committee for Surplus Government Land. Council will participate in the process as a submitter once the amendment commences.</i> |          |
| <i>Planning Scheme Amendment to streamline planning controls.</i>                                                                                                                                                                                                                                                                                                              | 0%       |
| <i>Target: Planning Scheme Amendment exhibited. Undertake panel hearing if required.</i>                                                                                                                                                                                                                                                                                       |          |
| <i>This project was delayed due to the diversion of resources as part of the post bushfire response. The Amendment is programmed for the 2016/17 financial year. The project will commence in August 2016.</i>                                                                                                                                                                 |          |
| <b>Strategy: Develop an integrated response to meet future infrastructure needs.</b>                                                                                                                                                                                                                                                                                           |          |
| <i>Community infrastructure and asset renewal plan.</i>                                                                                                                                                                                                                                                                                                                        | 50%      |
| <i>Target: Stage 2 - Asset Management Plans for the infrastructure asset categories of bridges and stormwater drainage finalised.</i>                                                                                                                                                                                                                                          |          |
| <i>The Asset Management Plans are being prepared in conjunction with Plans for other infrastructure asset categories. It is proposed to have this suite of documents adopted by Council during 2016/17.</i>                                                                                                                                                                    |          |
| <i>Develop a Colac Otway Shire Footpath Strategy.</i>                                                                                                                                                                                                                                                                                                                          | 100%     |
| <i>Target: Strategy developed.</i>                                                                                                                                                                                                                                                                                                                                             |          |
| <i>Develop a 10 Year Capital Works Strategy.</i>                                                                                                                                                                                                                                                                                                                               | 50%      |
| <i>Target: Strategy developed.</i>                                                                                                                                                                                                                                                                                                                                             |          |
| <i>Draft strategy developed.</i>                                                                                                                                                                                                                                                                                                                                               |          |
| <i>Township Plans for Alvie, Cororooke &amp; Beeac which establish a new settlement boundary.</i>                                                                                                                                                                                                                                                                              | 0%       |
| <i>Target: Township plans completed. Meet budget of \$5,400 +/- 2.5%.</i>                                                                                                                                                                                                                                                                                                      |          |
| <i>Project deferred to 2016/17 to allow completion of Domestic Wastewater Management Plan project. Nil budget expended.</i>                                                                                                                                                                                                                                                    |          |
| <i>Finalise the Domestic Wastewater Management Plan.</i>                                                                                                                                                                                                                                                                                                                       | 100%     |
| <i>Target: Domestic Wastewater Management Plan completed. Meet budget of \$125,000 +/- 5%.</i>                                                                                                                                                                                                                                                                                 |          |
| <b>Strategy: Promote local business, services and foster employment opportunities.</b>                                                                                                                                                                                                                                                                                         |          |
| <i>Develop a 4-Year Economic Development Strategy.</i>                                                                                                                                                                                                                                                                                                                         | 90%      |
| <i>Target: Strategy completed and adopted by Council.</i>                                                                                                                                                                                                                                                                                                                      |          |
| <i>Substantial community consultation and expert review completed. Strategy completed to draft stage.</i>                                                                                                                                                                                                                                                                      |          |

| Activity                                                                                                                                 | Progress   |
|------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Strategy: Grow tourism to support the local economy.</b>                                                                              |            |
| <i>Staged implementation of the Colac CBD &amp; Entrances Project.</i>                                                                   | <b>50%</b> |
| <i>Target: Stage 1 – Detailed design completed and landscaping works commenced. Meet revised budget of \$1.95 million.</i>               |            |
| <i>Detailed design for the CBD and Entrances project completed. Project deferred pending VicRoads bridge works. Nil budget expended.</i> |            |
| <i>Finalise the Advancing Country Towns Green Branding Project.</i>                                                                      | <b>50%</b> |
| <i>Target: Project concluded to satisfaction of Project Steering Committee. Meet budget of \$40,000 =/-5%.</i>                           |            |
| <i>Project deferred to the second half of 2016.</i>                                                                                      |            |

### Local Government Performance Reporting Framework

Results for Statutory Planning are presented below in the prescribed format.

| Service/Indicator/measure                                                                                                                                                                                                           | 2014/15    | 2015/16    | Material Variations and Comments                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Statutory Planning</b>                                                                                                                                                                                                           |            |            |                                                                                                                                                                                                                                                                                                  |
| <b>Timeliness</b>                                                                                                                                                                                                                   |            |            |                                                                                                                                                                                                                                                                                                  |
| <i>Time taken to decide planning applications</i><br>[The median number of days between receipt of a planning application and a decision on the application]                                                                        | 62.50      | 70         | The time between receipt of an application and a decision on an application includes delays outside of Council's control e.g. delays in obtaining requisite information from applicants, delays in receiving statutory declarations from applicants, delays in receiving referral responses etc. |
| <b>Service standard</b>                                                                                                                                                                                                             |            |            |                                                                                                                                                                                                                                                                                                  |
| <i>Planning applications decided within 60 days</i><br>[Number of planning application decisions made within 60 days / Number of planning application decisions made] x100                                                          | 60.41%     | 78.10%     | Performance has improved significantly in dealing with applications.                                                                                                                                                                                                                             |
| <b>Service cost</b>                                                                                                                                                                                                                 |            |            |                                                                                                                                                                                                                                                                                                  |
| <i>Cost of statutory planning service</i><br>[Direct cost of statutory planning service / Number of planning applications received]                                                                                                 | \$2,341.79 | \$2,794.49 | The 2015/16 result is impacted by the increased use of professional services.                                                                                                                                                                                                                    |
| <b>Decision making</b>                                                                                                                                                                                                              |            |            |                                                                                                                                                                                                                                                                                                  |
| <i>Council planning decisions upheld at VCAT</i><br>[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 | 100%       | 100%       | The result highlights Council's knowledge and effectiveness in applying the relevant Planning Schemes.                                                                                                                                                                                           |

### Pillar 3: A Place to Live and Grow

Our goal for this Pillar of the 2013-2017 Council Plan is to 'Improve access to buildings, spaces, services and education to support and enable quality of life.'

Four strategies contribute to achieving this goal:

1. Address the health and wellbeing needs of people of all ages and abilities.
2. Advocate for access to an increased range of education and training opportunities.
3. Increase the diversity of arts, culture and social spaces.
4. Maintain existing infrastructure.

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on pages 54. In conjunction, additional information is provided on key items of interest in the following pages under Highlights, Disappointments and Challenges.

#### Services contributing to this Pillar

- Arts and culture (management of COPACC facility)
- Sport and Recreation facilities (management of Bluewater leisure centre facility etc.)
- OPASS
  - Home Care
  - Home maintenance
  - Meals on wheels
- Maternal and Child Health
- Family Services
- Infrastructure (maintaining the built environment):
  - Roads
  - Footpaths
  - Bridges
  - Buildings
  - Parks and gardens

### Highlights

#### Successful reopening of the Bluewater leisure centre

A key highlight was the reopening of the Bluewater leisure centre, after being closed for major redevelopment for the past two years. Two stages of the facility have opened. The gymnasium and dry program facilities opened in August 2015 and the aquatics facilities by the end of October. The community voted with its feet, with the facility receiving unprecedented visitation. At the end of the financial year, Bluewater had 1,599 members, a 40% increase from the previous highest recorded membership in 2013 prior to closing for redevelopment.

#### Australian Performing Arts Centres Association Drover Award Nomination

The Colac Otway Performing Arts and Cultural Centre (COPACC) was again recognised for its outstanding service, being nominated as a finalist in the Australian Performing Arts Centres Association (APACA) Drover Award for Theatre Presenter of the Year. COPACC was nominated by touring arts organisations and theatre producers. This is the third time the centre has been a finalist in the past six years. Competing against all venues across Australia, the nomination again highlights the fantastic facility and service offered by Council.

The APACA Drover Award for Performing Arts Centre of the Year recognises the achievements of an outstanding presenting organisation and is awarded to the presenter who works with the producer to provide consistently outstanding production, marketing and management services. In addition, this presenter will have achieved exceptional success in audience development and community engagement.

#### Transition to the National Disability Insurance Scheme

During the three years to June 2016, we were one of three councils in Victoria to participate in the National Disability Insurance Scheme (NDIS) trial, with our Older Persons and Ability Support Service (OPASS) now fully transitioned to the NDIS. This provided our OPASS staff the opportunity to support

people within the shire from 0 to 64 years, and their carers, to move to a specific disability support model. New changes in the aged care system will focus more on supporting older people to maintain their independence, wellbeing and dignity whilst remaining in their homes and community. These changes come with the Commonwealth Government now taking responsibility for all aged care in Australia under the My Age Care program, which is about to be implemented.

**Youth Engagement Project**

We have received \$30,000 funding from Department of Health and Human Services to work in partnership with Colac Area Health to focus on growing a safer community for young people. This youth engagement and participation project will support young people to identify chief concerns around safety and to develop a range of strategies and creative projects that can inform other vulnerable young people, council and the broader community.

**The Other Film Festival**

As part of International Day of People with a Disability we hosted *The Other Film Festival* at COPACC. The festival consisted of films by, with and about people with a disability. Internationally recognised, The Other Film Festival provided a meaningful and entertaining experience for both people with a disability and a broader audience. A feedback survey was conducted and it was overwhelmingly positive with many respondents saying it should be annual event.

**Assessment for Learning Project**

An effective and engaging training program entitled: Assessment for Learning – Supporting Early Years Networks has been developed by the Victorian Curriculum and Assessment Authority (VCAA) and the Department of Education and Training (DET). We received \$26,000 to lead the delivery of this training program in partnership with Early Years practitioners across the shire in 2016. The aim of the project is to support collaborative relationships between early year’s practitioners; influence professional learning; and, to support improved learning,

development and well-being outcomes for children across Colac Otway Shire.

**Increased playgrounds in Colac**

Three new playgrounds were installed in Elliminyt, Colac East and Colac West providing much improved recreation facilities for our younger residents. The playgrounds were jointly funded by Council and Sport and Recreation Victoria, along with developer contributions. Overall project budget was \$180,000.

**Innovation in the Concrete Works Program**

The Concrete Works Program was a major initiative to collect the majority of concrete works Council delivers into one large tender, achieving economies of scale in both size of works and in project management. The economy of scale achieved by the bulk tender was significant, including over 150 hours of officer time saved in the procurement phase, as well achieving a contract value approximately \$120,000 lower than budget. The savings enabled additional footpath concreting works to be done. Other common contractor services such as geotechnical investigations for all of the Capital Works Program in 2016/17 are being reviewed for similar efficiencies.

**Maintaining and improving our infrastructure**

Council continued to demonstrate its ongoing commitment to improving the standards of the community’s critical infrastructure assets. A significant investment was again made in 2015/16 to deliver various programmes to renew infrastructure such as; roads; footpaths; buildings; and bridges.

The 2015/16 Budget and Actuals for these combined programs were:

|              | Budget<br>(\$ Million) | Revised<br>Budget<br>(\$ Million) | Actual<br>(\$ Million) |
|--------------|------------------------|-----------------------------------|------------------------|
| Maintenance  | \$6.80                 | \$6.75                            | \$6.40                 |
| Renewal      | \$11.31                | \$7.50                            | \$8.86                 |
| <b>Total</b> | <b>\$18.11</b>         | <b>\$14.24</b>                    | <b>\$15.26</b>         |

All routine road and footpath inspections were completed for 2015/16. In total, 133 km of footpath and close to 1,619 km of local roads network were inspected. All routine



inspections were conducted in keeping with the schedule documented in Council's Road Management Plan. Highlights in 2015/16 included:

- A new mobile platform to manage asset inspections streamlined the process for recording the condition of our roads and footpaths and allows for improved planning by our field staff.
- \$250,000 was spent on new footpaths. These were constructed on Pound Road, Armstrong Street, Hart Street, and Wilson Street in Colac, as well as Pascoe Street and Whelan Street in Apollo Bay.
- The Cape Otway Road Bridge, over Deans Marsh Creek, was strengthened to help future proof the shire's transport network against increasing freight weight and volumes, as well as increase the serviceable life of the bridge.
- Almost \$180,000 was spent on small road improvement projects. The focus of this program was on small areas of improvement that make a big quality of life difference for residents:
  - *Irrewillipe Road Verge Widening* - turned a rough gravel shoulder into a smooth and well-drained asphalt. The project cost approximately \$60,000.
  - *McLachlan Street Centre Road Refuge, Apollo Bay* - pedestrian safety was the focus for the installation of a centre road refuge in McLachlan Street, between Pengilly Avenue and Whelan Street, Apollo Bay. The crossing point will improve safety for users from the kindergarten, school, library, and hospital. The project cost approximately \$33,000.
  - *Thomas Street Hammerhead* – a new concrete turn around area replaced a gravel area at the end of Thomas Street in Colac, reducing annual maintenance substantially.
  - *Morrison Street, Colac, Turn Around Treatment* - drainage at the end of Morrison Street was significantly improved, with the area constructed for all weather use. This project will benefit the Colac Specialist School students in particular as they use this street as a point of access to the school. The project cost approximately \$55,000.

Other works undertaken as part of maintaining our infrastructure were:

- 40 km of trees trimmed on rural roads
- 50 km of rotary drain cleaning on rural roads
- 3,000 guideposts replaced
- 280 km centre lines marked on roads
- 2,200 parking bays line marked
- 68 km bike lanes line marked
- 400 Stop and Give Way intersections line marked.

### Disappointments

#### Works impacted by winter weather

A very wet winter hampered our ability to complete some projects.

#### Bluewater Stadium

Whilst the Bluewater leisure centre redevelopment project has been a fantastic outcome for our community, the issues associated with the Bluewater Stadium floor installation has been challenging.

### Challenges

#### COPACC Cinema Services

The current lease for cinema services at COPACC concludes in 2016/17. Council is currently undertaking a formal procurement process for the lease of cinema services as required under the *Local Government Act 1989*.

### The Year Ahead

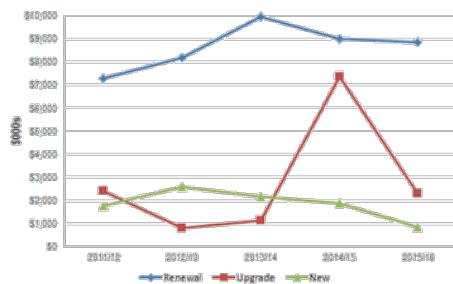
- Completion of the Central Reserve Redevelopment project.
- Completion of the Arts and Culture Strategy.
- Full commissioning of the Bluewater leisure centre including stadium operations.
- Implement a new lease for cinema services at COPACC.
- Increase informal use of COPACC through the introduction of WiFi for the community and business event clients, along with daily newspapers in the COPACC foyer.



### Capital Works

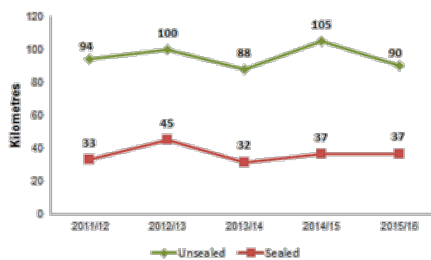
In '000s

|         | Renewal | Upgrade | New     | Total    |
|---------|---------|---------|---------|----------|
| 2011/12 | \$7,273 | \$2,397 | \$1,754 | \$11,424 |
| 2012/13 | \$8,168 | \$824   | \$2,597 | \$11,589 |
| 2013/14 | \$9,965 | \$1,116 | \$2,151 | \$13,232 |
| 2014/15 | \$8,995 | \$7,366 | \$1,889 | \$18,250 |
| 2015/16 | \$8,862 | \$2,316 | \$853   | \$12,031 |



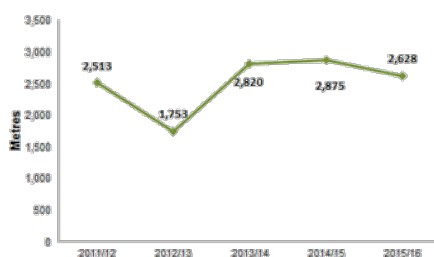
The significant spike in expenditure for asset upgrade in 2014/15 reflects the major redevelopment and upgrade of the Bluewater leisure centre, a more than \$11 million upgrade.

### Road network renewal



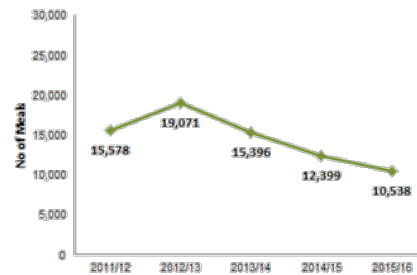
A consistent amount of funding is allocated for road renewal. Fluctuation in the kilometres completed is a reflection of the cost of works being done.

### Footpath repairs



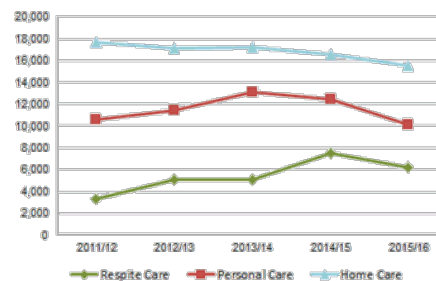
The overall trend reflects the focus on footpath repairs to ensure community mobility and safety.

### Meals on Wheels delivered



The downward trend in the number of meals delivered reflects the increasing options people have to choose meals from alternate sources e.g. other organisations delivering different types of meals, large variety of frozen meals from the supermarket and seniors' meals at Hotels/RSL's.

### Hours of support for older people



The Commonwealth Home Support Program, an initiative of the Commonwealth and State governments, has resulted in a reduction in number of hours of care that Council provides; however the overall trend in the data is the increase in demand for support for carers via access to respite care for the elderly.

#### Fast Facts

- 250 Children registered in Family Day Care.
- 6,977 Community Transport hours
- 1,089 Property maintenance hours

### Progress against our 2015/16 commitments:

| Activity                                                                                                                                                                               | Progress |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Strategy: Address the health and wellbeing needs of people of all ages and abilities.</b>                                                                                           |          |
| <i>Implement the Public Health and Wellbeing Plan.</i>                                                                                                                                 | 85%      |
| <i>Target: Actions identified for 2015 – 2016 implemented. Early Years Plan and Alcohol and Other Drugs Plan completed. Meet revised budget of \$20,000 with a tolerance of +/-5%.</i> |          |
| <i>Draft plans completed. To be presented to Council for adoption in 2016/17. \$5,895 expended.</i>                                                                                    |          |
| <i>Maintain the National Disability Insurance Scheme (NDIS) implementation according to the industry trial requirements.</i>                                                           | 100%     |
| <i>Target: As a registered provider, compliance requirements met for the delivery of NDIS services. All services provided and payments received are reconciled.</i>                    |          |
| <b>Strategy: Increase the diversity of arts, culture and social spaces.</b>                                                                                                            |          |
| <i>Staged implementation of the Beechy Precinct development program.</i>                                                                                                               | 100%     |
| <i>Target: Central Reserve Master Plan Implementation – award tender for design. Meet budget of \$160,000 with a tolerance of +/-5%.</i>                                               |          |
| <i>Staged implementation of the Open Space Strategy.</i>                                                                                                                               | 83%      |
| <i>Target: Playspace Strategy developed and adopted by Council.</i>                                                                                                                    |          |
| <i>Draft Playspace Strategy developed. To be adopted by Council.</i>                                                                                                                   |          |
| <i>Target: Annual open space renewal program completed. Meet budget of \$25,000.</i>                                                                                                   |          |
| <i>Achieved.</i>                                                                                                                                                                       |          |
| <i>Target: Annual playground renewal program completed. Meet budget of \$40,000 with a tolerance of +/-5%.</i>                                                                         |          |
| <i>Contract awarded, works commenced and to be completed by August 2016. Budget 50% expended.</i>                                                                                      |          |
| <i>Target: Annual active reserves renewal program completed. Meet budget of \$50,000 with a tolerance of +/- 5%.</i>                                                                   |          |
| <i>Weather delays, works 80% completed. To be completed by October 2016. Budget 75% expended.</i>                                                                                      |          |
| <i>Target: Colac Playground Development Project implemented. Meet budget of \$140,000 +/- 2%.</i>                                                                                      |          |
| <i>Achieved. Budget met.</i>                                                                                                                                                           |          |
| <b>Strategy: Maintain existing infrastructure.</b>                                                                                                                                     |          |
| <i>Implement the asset renewal and maintenance program.</i>                                                                                                                            | 100%     |
| <i>Target: Road and Footpath assets inspected in accordance with the Road Management Plan.</i>                                                                                         |          |
| <i>Implement the annual Capital Works and Major Projects Program.</i>                                                                                                                  | 100%     |
| <i>Target: 85% of Projects completed. Meet revised budget of \$15.272 million +/- 10%.</i>                                                                                             |          |
| <i>95% of projects completed. \$12.03 million expended.</i>                                                                                                                            |          |
| <i>Footpath Renewal Program.</i>                                                                                                                                                       | 100%     |
| <i>Target: 2.5 kilometres (km) of footpaths reconstructed. All programmed and additional works completed within allocated budget of \$400,000 +/-2%.</i>                               |          |
| <i>Achieved 2.62 km. Additional works achieved within budget; \$353,584.</i>                                                                                                           |          |
| <i>Annual road resealing program.</i>                                                                                                                                                  | 100%     |
| <i>Target: 30 kilometres (km). All planned works achieved within allocated budget of \$900,000.</i>                                                                                    |          |
| <i>Achieved 36.6 km. \$929,485 expended. Additional works completed utilising additional funding from the Roads to Recovery allocation.</i>                                            |          |
| <i>Bridge Reconstruction Program.</i>                                                                                                                                                  | 100%     |
| <i>Target: 1 bridge reconstruction completed to achieve defined outcomes. Meet budget of \$250,000 +/- 5%.</i>                                                                         |          |
| <i>5 bridges reconstructed, 4 completed that commenced in 2014/15. \$799,825 expended using funds carried forward from 2014/15.</i>                                                    |          |

| Activity                                                                                                                                                                                                                                                                                                                                                                | Progress    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Building Renewal Program.</b>                                                                                                                                                                                                                                                                                                                                        | <b>92%</b>  |
| <i>Target: 12 building renewal projects completed to achieve defined outcomes. Meet budget of \$600,000 +/- 3%.</i>                                                                                                                                                                                                                                                     |             |
| <i>Completed 11 projects. \$382,423 expended. Funds carried forward to 2016/17 to complete projects.</i>                                                                                                                                                                                                                                                                |             |
| <b>Sealed road reconstruction program.</b>                                                                                                                                                                                                                                                                                                                              | <b>100%</b> |
| <i>Target: 4 km of sealed road reconstructed.</i>                                                                                                                                                                                                                                                                                                                       |             |
| <i>Achieved 7.8 km within budget.</i>                                                                                                                                                                                                                                                                                                                                   |             |
| <b>Unsealed road resheeting program.</b>                                                                                                                                                                                                                                                                                                                                | <b>100%</b> |
| <i>Target: 70 km of gravel roads resheeted. Meet budget of \$1.4 million +/-5%.</i>                                                                                                                                                                                                                                                                                     |             |
| <i>Achieved 90 km within budget.</i>                                                                                                                                                                                                                                                                                                                                    |             |
| <b>Implement the annual maintenance program.</b>                                                                                                                                                                                                                                                                                                                        | <b>100%</b> |
| <i>(Baseline performance target has been set at 85% in the Road Management Plan to allow for events outside of Council's control e.g. natural disasters)</i>                                                                                                                                                                                                            |             |
| <i>Target: Maintenance of the following works at 85% as per the Road Management Plan. Meet budget of \$1,700,000 +/- 5%.</i>                                                                                                                                                                                                                                            |             |
| <ul style="list-style-type: none"> <li>• Sealed roads e.g. repair of minor potholes etc.</li> <li>• Unsealed road maintenance e.g. surface grading etc.</li> <li>• Major patching e.g. replacement of failed road surface</li> <li>• Drainage maintenance</li> <li>• Tree Maintenance e.g. tree trimming, power line clearance and rural roadside vegetation</li> </ul> |             |
| <i>Achieved 95% (10% above baseline target). \$1,560,000 expended (-8% of budget) Weather conditions meant less mowing was required.</i>                                                                                                                                                                                                                                |             |

### Local Government Performance Reporting Framework

Results for Home and Community Care, Maternal and Child Health and Roads are presented below in the prescribed format.

| Service/Indicator/measure                                                                                                                                                                                | 2014/15 | 2015/2016 | Material Variations and Comments                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>Home and Community Care (HACC)</b>                                                                                                                                                                    |         |           |                                                                                                                                       |
| <b>Timeliness</b>                                                                                                                                                                                        |         |           |                                                                                                                                       |
| <i>Time taken to commence the HACC service</i><br>[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]    | n/a     | 5.00      | First year of reporting against this measure. Depending on the urgency and consumer, 1-30 days to commence service.                   |
| <b>Service standard</b>                                                                                                                                                                                  |         |           |                                                                                                                                       |
| <i>Compliance with Community Care Common Standards</i><br>[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100 | 100%    | 100%      | This result indicates the high quality of Council's standards. Last audit done on 4 December 2012. Next audit due on 27 October 2016. |
| <b>Service cost</b>                                                                                                                                                                                      |         |           |                                                                                                                                       |
| <i>Cost of domestic care service</i><br>[Cost of the domestic care service / Hours of domestic care service provided]                                                                                    | n/a     | \$41.25   | First year of reporting against this measure.                                                                                         |

| Service/Indicator/measure                                                                                                                                                                                                 | 2014/15 | 2015/2016 | Material Variations and Comments                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Service cost</b><br><i>Cost of personal care service</i><br>[Cost of the personal care service / Hours of personal care service provided]                                                                              | n/a     | \$41.25   | First year of reporting against this measure.                                                                                                                                  |
| <b>Service cost</b><br><i>Cost of respite care service</i><br>[Cost of the respite care service / Hours of respite care service provided]                                                                                 | n/a     | \$55.27   | First year of reporting against this measure.                                                                                                                                  |
| <b>Participation</b><br><i>Participation in HACC service</i><br>[Number of people that received a HACC service / Municipal target population for HACC services] x100                                                      | 24.16%  | 26.05%    | The small increase is within normal parameters of the service; however the 'active service' model means that clients are utilising the service for shorter periods of time.    |
| <i>Participation in HACC service by CALD people</i><br>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100                                 | 21.50%  | 15.92%    | Client numbers reduced in 2016 due to the transitioning of services from the State funded HACC program to the Commonwealth funded National Disability Insurance Scheme (NDIS). |
| <b>Maternal and Child Health (MCH)</b>                                                                                                                                                                                    |         |           |                                                                                                                                                                                |
| <b>Satisfaction</b><br><i>Participation in first MCH home visit</i><br>[Number of first MCH home visits / Number of birth notifications received] x100                                                                    | 99.12%  | n/a*      |                                                                                                                                                                                |
| <b>Service standard</b><br><i>Infant enrolments in the MCH service</i><br>[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100               | 96.04%  | n/a*      |                                                                                                                                                                                |
| <b>Service cost</b><br><i>Cost of the MCH service</i><br>[Cost of the MCH service / Hours worked by MCH nurses]                                                                                                           | n/a     | \$75.12   | First year of reporting against this measure.                                                                                                                                  |
| <b>Participation</b><br><i>Participation in the MCH service</i><br>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100                      | 74.83%  | n/a*      |                                                                                                                                                                                |
| <i>Participation in the MCH service by Aboriginal children</i><br>[Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 | 59.26%  | n/a*      |                                                                                                                                                                                |
| <b>Roads</b><br><b>Satisfaction of use</b><br><i>Sealed local road requests</i><br>[Number of sealed local road requests / Kilometres of sealed local roads] x100                                                         | 11.29   | 10.78     | The number of requests received per 100 kilometres of sealed local roads reduced in 2015/16.                                                                                   |

| Service/Indicator/measure                                                                                                                                                                                              | 2014/15 | 2015/2016 | Material Variations and Comments                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Condition</b><br><i>Sealed local roads below the intervention level</i><br>[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100 | 90.14%  | 94.88%    | This result indicates that 95% of our road network is at an acceptable standard based on condition and does not need any major reconstruction work.                                     |
| <b>Service cost</b><br><i>Cost of sealed local road reconstruction</i><br>[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]                                        | \$34.68 | \$39.54   | The result is in line with Council's anticipated outcomes.                                                                                                                              |
| <i>Cost of sealed local road resealing</i><br>[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]                                                                              | \$6.09  | \$7.03    | The result is in line with Council's anticipated outcomes.                                                                                                                              |
| <b>Satisfaction</b><br><i>Satisfaction with sealed local roads</i><br>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]                                 | 44      | 37        | Unable to identify if the dissatisfaction refers to roads that are the responsibility of Council or of VicRoads. Additional questions will be asked in the 2017 survey to clarify this. |

*\*In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015/16 financial year.*

## Pillar 4: A Healthy Community and Environment

Our goal for this Pillar of the 2013-2017 Council Plan is to *'respect cultural differences, support a range of healthy and creative activities, foster community safety and promote environmental sustainability.'*

Five strategies contribute to achieving this goal:

1. Encourage active participation in recreation, arts and leisure pursuits.
2. Promote respect and inclusion of social and cultural differences.
3. Increase environmental sustainability through direct initiatives and advocacy.
4. Protect and care for the natural environment.
5. Support community safety initiatives, local law enforcement and emergency management.

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on page 61. In conjunction, additional information is provided on key items of interest in the following pages under Highlights, Disappointments and Challenges.

### Services contributing to this Pillar

The following services/activities contribute to achieving the strategies and goal for this Pillar:

- Sport and Recreation activities
- Events
- Arts and Culture activities
- Local Laws (keeping the community safe)
- Emergency management coordination
- Environmental Health activities
- Onsite Wastewater Management
- Food inspections
- Immunisation
- Environmental Sustainability
  - Waste Management
  - Water use
  - Power consumption
  - Climate change
  - Street lighting

## Highlights

### Emergency Management

In response to the Jamieson Track fire on Christmas Day 2015, Council opened and staffed an Emergency Relief Centre at Apollo Bay from 25 December until 1 January 2016. During these eight days the centre provided the displaced and evacuated residents from the communities of Wye River, Separation Creek, Kennett River, Grey River and Wongarra with a place to shelter and receive information and support from response and recovery agencies. Over 373 residents registered at the Emergency Relief Centre during this period and over 2,200 hours were logged by Council and partner relief and recovery agency staff, such as Red Cross, Victorian Council of Churches Emergency Ministries, Department of Health and Human Services and Victoria Police.

### CrossXpollination

CrossXpollination 2015, the third annual festival of textile and fibre art, was again a popular success. More than 1,000 people attended the exhibition in the Colac Otway Performance and Cultural Centre (COPACC) Civic Hall. In addition, over 180 school children attended CrossXpollination in connection with their school studies, with four groups offered talks and workshops tailored to their curriculum. The wearable art market and pop-up café were successful components of the exhibition. The partnership between COPACC and Red Rock Regional Theatre and Gallery contributed to what was a wonderful, creative and inspiring exhibition.

### Barongarook Creek rehabilitation continues

The next stage of exotic tree removal along Barongarook Creek was completed with a total of 16 trees removed and 801 native species planted between the end of the western meander (north of Chapel Street) and the Lake Colac Caravan Park entrance. These works will help to rehabilitate the waterway by improving water quality, decreasing erosion and attracting native fauna to the area.



### Rainwater gardens prevent pollutants from entering Colac's waterways

Storm water entering Colac's streams is now much cleaner as a result of the Colac CBD Rain Filtration Garden Project, completed in April 2016 under budget. The project involved construction and planting of two attractive and practical rain gardens adjacent to Memorial Square and a new Gross Pollutant Trap. The rain gardens collect fine pollutants from stormwater that would otherwise enter our ecologically sensitive creeks and lakes and the Gross Pollutant Trap captures large items such as bottles, cans and leaves. Graphic signage was installed to help explain the role and function of the gardens in keeping our waterways clean. A large number of positive comments were posted on social media, with requests for more rain gardens to be installed. The \$173,000 project was funded by the State Government's Living Victoria Fund.

### Education on protecting our environment

An important part of caring for and protecting our environment is in educating our community. 95 Environmental education events were held across the shire during 2015/16, with 2,734 participants. Events included: World Environment Day, Earth Hour, National Tree Day, School Tree day, Recreational Fishing Workshops and several school planting activities. See page 60 for waste management trend graphs.

### Sustainability education through play

The crèche at Bluewater leisure centre incorporated a number of sustainability features and resources to engage children in environmental education through play. These include a water tank, worm farm, compost bin, recycling, vegetable garden for all abilities and a number of environmentally themed books and games. Learning about the impact we have on our environment forms a central part of the crèche philosophy, and empowers children to find small but important ways they can care for the environment at the crèche and at home.

### Disappointments

#### Installation of the Solar Array on Bluewater leisure centre

Due to the inability to access the site as a result of construction issues with the stadium floor the installation of the solar array was delayed. However, the access issue has now been resolved and the solar array will be installed in the 2016/17 financial year.

### Challenges

#### Emergency Management

The Jamieson Track Christmas Day bushfire at Wye River and Separation Creek has provided many learning opportunities for Council, which have been captured through the conduct of staff, and agency debrief activities. Translating these learnings into opportunities for improvement in the short, medium and longer term will be a challenge moving forward.

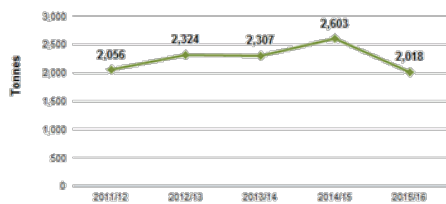
#### Lake Colac Foreshore Master Plan Implementation

With completion of the new Lake Colac Foreshore Master Plan the focus now turns to implementing the action in a timely and effective manner. Whilst many of the actions will require funding to be obtained from either the State or Federal Government, every effort will be made to progress the implementation of actions in accordance with the timeframes set out in the plan.

### The Year Ahead

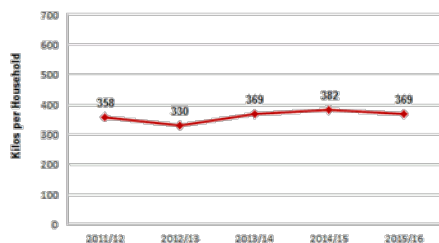
- Wye River and Separation Creek weed control and revegetation recovery project.
- Development of a Climate Adaptation Plan in partnership with eight other councils.
- Delivery of the annual Capital Works program
- Development of the 10 year Capital Works Program
- Completion of the Central Reserve Redevelopment Project

**Organic Waste Diverted from Landfill (tonnes)**



The decrease in 2015/16 resulted from less green waste collected during December 2015 to March 2016 due to the Wye River and Separation Creek bushfires. Contractors for the bushfire clean up removed most of the green waste from those areas to a site outside our shire.

**Household waste to landfill (kilos)**



The overall trend for the past 5 years has been a minor increase in household waste (non-organics) to landfill. New marketing strategies are being developed to reinvigorate community commitment to recycling.

**Fast Facts**

- 33,909 People attended 593 events and performances at COPACC
- 4,613 Dogs and 1,368 Cats registered
- 2,918 Trees, grasses, lilies and shrubs planted
- 2,248 School children participated in environmental activities

## Progress against our 2015/16 commitments:

| Activity                                                                                                                                                                                                                                    | Progress |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Strategy: Encourage active participation in recreation, arts and leisure pursuits.</b>                                                                                                                                                   |          |
| <i>Implement the Active Transport Strategy.</i>                                                                                                                                                                                             | 100%     |
| <i>Target: Implement staged priority actions as per agreed Implementation Plan and subject to resource availability. Meet budget of \$10,000 with a tolerance of +/- 5%.</i>                                                                |          |
| <b>Strategy: Increase environmental sustainability through direct initiatives and advocacy.</b>                                                                                                                                             |          |
| <i>Solar Array Installations.</i>                                                                                                                                                                                                           | 10%      |
| <i>Target: Solar panels installed – Bluewater Leisure Centre. Meet budget of \$100,000 +/- 5%.</i>                                                                                                                                          |          |
| <i>Project not completed due to the inability to access the site resulting from separate construction issues. Panels will be installed in the 2016/17 financial year. 5% of the budget was expended to do designs for the installation.</i> |          |
| <b>Strategy: Protect and care for the natural environment.</b>                                                                                                                                                                              |          |
| <i>Implement the relevant stages of the Environment Strategy 2010-18.</i>                                                                                                                                                                   | 100%     |
| <i>Target: Relevant stages of the Environment Action Plan completed. Meet budget of \$134,000 with a tolerance of +/-5%.</i>                                                                                                                |          |
| <i>Climate Resilient Communities Project.</i>                                                                                                                                                                                               | 50%      |
| <i>Target: Phase 2 milestones completed and Phase 3 milestones commenced. Meet budget of \$547,396 with a tolerance of +/- 5%.</i>                                                                                                          |          |
| <i>Additional funding secured, allowing more high priority projects to be delivered in Phase 2. Project timelines extended to December 2017. \$200,000 expended.</i>                                                                        |          |
| <i>Review of Transfer Station and Landfill long term strategy in conjunction with Regional Waste Management Group.</i>                                                                                                                      | 90%      |
| <i>Target: Transfer Station and Landfill long term strategy reviewed and report provided to Council. A further report is to be prepared and provided to Council in 2016/2017.</i>                                                           |          |
| <i>Lake Colac Foreshore Master Plan</i>                                                                                                                                                                                                     | 100%     |
| <i>Target: Develop Lake Colac Master Plan. Meet budget of \$40,000 with a tolerance of +/- 5%.</i>                                                                                                                                          |          |
| <b>Strategy: Support community safety initiatives, local law enforcement and emergency management.</b>                                                                                                                                      |          |
| <i>Implement the Municipal Emergency Management Plan.</i>                                                                                                                                                                                   | 100%     |
| <i>Target: Municipal Emergency Management Plan updated. Relevant actions implemented.</i>                                                                                                                                                   |          |
| <i>Review of the Port of Apollo Bay Safety and Environment Management Plan (SEMP).</i>                                                                                                                                                      | 100%     |
| <i>Target: Review completed.</i>                                                                                                                                                                                                            |          |
| <i>Implement the Neighbourhood Safer Places Plan.</i>                                                                                                                                                                                       | 100%     |
| <i>Target: Municipal Neighbourhood Safer Places Plan reviewed and implemented. Meet budget of \$15,000 +/- 5%.</i>                                                                                                                          |          |
| <i>Only \$4,500 was required to undertake the works to maintain and designate the current Neighbourhood Safer Places.</i>                                                                                                                   |          |

### Local Government Performance Reporting Framework

Results for Aquatic Facilities, Animal Management, Food Safety, Libraries and Waste Collection are presented below in the prescribed format.

| Service/Indicator/measure                                                                                                                                                                     | 2014/15 | 2015/16 | Material Variations and Comments                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Aquatic Facilities</b>                                                                                                                                                                     |         |         |                                                                                                                                                                                              |
| <b>Service standard</b>                                                                                                                                                                       |         |         |                                                                                                                                                                                              |
| <i>Health inspections of aquatic facilities</i><br>[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]                            | 1       | 0.50    | Apollo Bay facility inspection not conducted as a result of the diversion of resources to assist with the Wye River and Separation Creek bushfires.                                          |
| <i>Reportable safety incidents at aquatic facilities</i><br>[Number of WorkSafe reportable aquatic facility safety incidents]                                                                 | 0       | 0       | No WorkSafe reportable safety incidents.                                                                                                                                                     |
| <b>Service cost</b>                                                                                                                                                                           |         |         |                                                                                                                                                                                              |
| <i>Cost of indoor aquatic facilities</i><br>[Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]                                   | \$0     | \$3.08  | Indoor facilities not open in 2014/15 due to redevelopment works.                                                                                                                            |
| <i>Cost of outdoor aquatic facilities</i><br>[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]                                | \$35.26 | \$43.07 | The season was partially interrupted by the activation of the Emergency Relief Centre in the adjoining stadium at Apollo Bay as a result of the bushfires in Wye River and Separation Creek. |
| <b>Utilisation</b>                                                                                                                                                                            |         |         |                                                                                                                                                                                              |
| <i>Utilisation of aquatic facilities</i><br>[Number of visits to aquatic facilities / Municipal population]                                                                                   | 0.09    | 2.73    | The significant increase in usage is a result of the reopening of Bluewater leisure centre after being closed for 2 years for redevelopment.                                                 |
| <b>Animal Management</b>                                                                                                                                                                      |         |         |                                                                                                                                                                                              |
| <b>Timeliness</b>                                                                                                                                                                             |         |         |                                                                                                                                                                                              |
| <i>Time taken to action animal management request</i><br>[Number of days between receipt and first response action for all animal management requests / Number of animal management requests] | n/a     | 1.00    | First year reporting against this measure. Requests are responded to on the same day, usually within four hours. Urgent requests are responded to immediately.                               |
| <b>Service standard</b>                                                                                                                                                                       |         |         |                                                                                                                                                                                              |
| <i>Animals reclaimed</i><br>[Number of animals reclaimed / Number of animals collected]                                                                                                       | 65.91%  | 84.83%  | The significant increase in the 2015/16 result is due to a greater proportion of animals being reclaimed than in 2014/15.                                                                    |
| <b>Service cost</b>                                                                                                                                                                           |         |         |                                                                                                                                                                                              |
| <i>Cost of animal management service</i><br>[Direct cost of the animal management service / Number of registered animals]                                                                     | \$42.00 | \$57.40 | Fewer animals were registered in 2015/16, impacting the direct cost of the service.                                                                                                          |
| <b>Health and safety</b>                                                                                                                                                                      |         |         |                                                                                                                                                                                              |
| <i>Animal management prosecutions</i><br>[Number of successful animal management prosecutions]                                                                                                | 27.00   | 13.00   | This result represents the effectiveness of the proactive educative approach taken by Council's Animal Management service.                                                                   |

| Service/Indicator/measure                                                                                                                                                                                                                                                                                                                                                             | 2014/15  | 2015/16  | Material Variations and Comments                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Food Safety</b><br><b>Timeliness</b><br><i>Time taken to action food complaints</i><br>[Number of days between receipt and first response action for all food complaints / Number of food complaints]                                                                                                                                                                              | n/a      | 1.00     | First year of reporting against this measure. All food complaints have a first action within 24 hrs.                                                                                                                                                                                                           |
| <b>Service standard</b><br><i>Food safety assessments</i><br>[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100 | 100%     | 71.63%   | The response to the Wye River and Separation Creek bushfires required a diversion of resources. As a result inspection numbers decreased.                                                                                                                                                                      |
| <b>Service cost</b><br><i>Cost of food safety service</i><br>[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]                                                                                                                                                                                           | \$270.68 | \$274.87 | The result is in line with Council's anticipated outcomes.                                                                                                                                                                                                                                                     |
| <b>Health and safety</b><br><i>Critical and major non-compliance outcome notifications</i><br>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100                            | 80.77%   | 90.91%   | This is a positive result for Council, highlighting the effectiveness of our food safety service.                                                                                                                                                                                                              |
| <b>Libraries</b><br><b>Utilisation</b><br><i>Library collection usage</i><br>[Number of library collection item loans / Number of library collection items]                                                                                                                                                                                                                           | 5.81     | 5.04     | This result indicates the number of times an item was borrowed.                                                                                                                                                                                                                                                |
| <b>Resource standard</b><br><i>Standard of library collection</i><br>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100                                                                                                                                                                                                     | 82.89%   | 76.44%   | The reduction in the result for 2015/16 was due to a decision by the Corangamite Regional Library Board to purchase less new items, as a proportion of the existing collection, and to reallocate funds to programming. The proportion of new items to the existing collection still meets relevant standards. |
| <b>Service cost</b><br><i>Cost of library service</i><br>[Direct cost of the library service / Number of visits]                                                                                                                                                                                                                                                                      | \$6.46   | \$6.67   | Cost is comparable to like-sized regional libraries and is within Council's anticipated outcomes.                                                                                                                                                                                                              |

| Service/Indicator/measure                                                                                                                                                                                                                          | 2014/15  | 2015/16  | Material Variations and Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Participation</b><br><b>Active library members</b><br>[Number of active library members / Municipal population] x100                                                                                                                            | 17.61%   | 17.87%   | Active members includes only members who have borrowed a physical collection item. It excludes members who have used their membership to only borrow from the electronic collection and/or accessed digital information via the library's public internet. Although the definition has been recently expanded to include members who borrow electronically, the Library's current system is not capable of capturing these numbers and are therefore not included in the final figures. |
| <b>Waste Collection</b><br><b>Satisfaction</b><br><b>Kerbside bin collection requests</b><br>[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000                              | 107.00   | 168.82   | The number of kerbside bin collection households has increased by 212 since 2014/15, the key factor affecting the result.                                                                                                                                                                                                                                                                                                                                                               |
| <b>Service standard</b><br><b>Kerbside collection bins missed</b><br>[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000                           | 6.44     | 7.82     | The increase in the 2016 result is due to a change in how missed bins are recorded. Previously, if two bins were missed from the same property (e.g. 1 recycling and 1 garbage) only one record was created. The new system now records the bins as two separate records.                                                                                                                                                                                                               |
| <b>Service cost</b><br><b>Cost of kerbside garbage collection service</b><br>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]                                                             | \$120.79 | \$129.20 | This cost is reasonable given the large distances in our Shire between collection points and the landfill site.                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Cost of kerbside recyclables collection service</b><br>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]                                                                        | \$34.91  | \$36.98  | Cost is within expectations.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Waste Diversion</b><br><b>Kerbside collection waste diverted from landfill</b><br>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | 55.52%   | 43.32%   | The decrease from 2015 is a result of the bushfires in Wye River and Separation Creek. Collections from these areas are yet to be processed.                                                                                                                                                                                                                                                                                                                                            |



## Democratic Governance

### Council's role

Council's main responsibilities are to set the overall directions and goals for the municipality and then monitor their implementation and success. The tools for setting these directions and goals are the major strategic plans. These include the council plan, the strategic resources plan, the municipal strategic statement and the municipal public health plan. Council also has a role in advocating on behalf of their communities to state and federal levels of government, statutory authorities and other sectors.

Council's role, powers and functions are primarily drawn from the *Local Government Act 1989*. Under s3D of the Act these are formally set out as follows:

- 1) *A council is elected to provide leadership for the good governance of the municipal district and the local community.*
- 2) *The role of a council includes:*
  - a) *acting as a representative government by taking into account the diverse needs of the local community in decision making;*
  - b) *providing leadership by establishing strategic objectives and monitoring their achievement;*
  - c) *maintaining the viability of the council by ensuring that resources are managed in a responsible and accountable manner;*
  - d) *advocating the interests of the local community to other communities and governments;*
  - e) *acting as a responsible partner in government by taking into account the needs of other communities; and*
  - f) *fostering community cohesion and encouraging active participation in civic life.*

*Colac Otway Shire has been an unsubdivided municipality (no Wards) since March 2007.*

### Decision-making process

Council is authorised to make decisions in only one of two ways:

1. By resolution at Council meetings and Special Committees of Council.
2. By Council officers under delegated authority. The Chief Executive Officer (CEO) is authorised under the *Local Government Act 1989* to manage the day-to-day operations of the organisation. The CEO has the power to delegate decisions on operational matters to officers.

There are certain powers that Council cannot delegate. These are the adoption of the Council Plan and Council Budget.

### Relationship between Council and the Executive

Council appoints and instructs the CEO. As such, councillors are accountable for setting the CEO's performance plan and monitoring performance. The CEO, along with the Executive Team, is responsible for implementing resolutions of Council and running the day-to-day affairs of the organisation. Individual Councillors cannot instruct staff to undertake specific duties.

### Code of conduct

Council has a Code of Conduct, which was reviewed and adopted by Council on 15 June 2016. The code outlines the principles of good governance, guides councillors' behaviour, accountability and dispute resolution between councillors. All councillors are expected to behave ethically and with integrity. The Code is available on Council's web site at <http://www.colacotway.vic.gov.au/Council-the-shire/Reports-strategies-plans/Policies-procedures-Local-Laws>

### Conflict of interest

In matters that come before Council for a decision, a conflict of interest arises when individual councillors and/or members of staff find that they, or their immediate family, have either a financial or some other advantage that could be interpreted as having undue influence on the outcome.

To ensure transparency in the decision-making processes of Council, councillors and staff are required to declare and document their interest in a matter. Where councillors have declared an interest, they must take no part in the decision-making process. Councillors must also declare an interest at Council's Planning Committee. Although no decisions are made in Councillor Workshops and Briefings, councillors are still required to declare their interest in a matter and leave the room whilst it is being discussed.

During 2015/16, Councillors registered 58 conflicts of interest during Council Meetings and 7 in Council Planning Meetings.

Copies of the following publications, published by the Department of Transport, Planning and Local Infrastructure have been provided to councillors and staff for information:

- *Conflict of Interest: A Guide for Councillors*, October 2012.
- *Conflict of Interest: A Guide for Council Staff*, October 2011.

### Council meetings

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the fourth Wednesday of each month at Council Chambers in Colac. Reports are prepared independently by staff for both the decision and information of the Council. During the year, ordinary council meetings were also held in Birregurra in August 2015 and in Apollo Bay in April 2016.

On occasions, Special Council meetings are called to consider specific matters. Meetings are conducted in accordance with the meetings procedure provisions of Local Law 4. A Special Council meeting was held in Apollo Bay on 20 January 2016 following the bushfires in late December and early January.

Councillor meeting attendance is reported in the Our Council section on page 18.

Minutes of the Council meetings are available on Council's web site at <http://www.colacotway.vic.gov.au/Council-the-shire/Council-meetings>

### Question time

Question time is held at the start of each Council meeting. It provides the opportunity for members of the public to ask questions on issues in which Council has a direct interest or responsibility.

### Councillor support and remuneration

The Councillor Support Policy provides a broad overview of how the Council provides assistance and support to the Mayor and councillors in carrying out their roles and official duties. A copy of the policy is available for inspection, as required under section 75B of the *Local Government Act 1989*, and is also available on Council's website at <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>

In line with the policy, support is provided to the Mayor in the form of a council vehicle. Information and communication technology is available to all councillors. The following table indicates the equipment currently provided to each Councillor:

| Councillor                    | Mobile Phone | I-Pad Computer | Next G Internet Connection | Printer |
|-------------------------------|--------------|----------------|----------------------------|---------|
| Cr F Buchanan (Mayor)         | ✓            | ✓              | ✓                          | ✓       |
| Cr T Woodcroft (Deputy Mayor) | ✓            | ✓              | ✓                          | ✓       |
| Cr B Crook                    | ✓            | ✓              | ✓                          | ✓       |
| Cr M Delahunty                | ✓            | ✓              | ✓                          |         |
| Cr S Hart                     | ✓            | ✓              | ✓                          |         |
| Cr L Russell                  | ✓            | ✓              | ✓                          | ✓       |
| Cr C Smith                    |              | ✓              | ✓                          |         |

The *Local Government Act 1989* (section 75) allows for the reimbursement of 'necessary out of pocket expenses' incurred while performing the duties of a Councillor. As a result our Councillor Support Policy contains provisions for reimbursement of expenses for training, registration fees for conferences and functions, travel and child care.

The following table sets out the allowances paid to councillors for the reporting period:

| Councillor                             | Allowance (including superannuation) | Travel <sup>2</sup> | Total            |
|----------------------------------------|--------------------------------------|---------------------|------------------|
| Cr Frank Buchanan <sup>1</sup> (Mayor) | \$75,760                             | \$0                 | \$75,760         |
| Cr Terry Woodcroft (Deputy Mayor)      | \$25,034                             | \$1,684             | \$26,718         |
| Cr Brian Crook                         | \$25,034                             | \$2,035             | \$27,069         |
| Cr Michael Delahunty                   | \$25,034                             | \$166               | \$25,200         |
| Cr Stephen Hart                        | \$25,034                             | \$8,674             | \$33,708         |
| Cr Lyn Russell                         | \$25,034                             | \$1,676             | \$26,710         |
| Cr Chris Smith                         | \$25,034                             | \$2,693             | \$27,726         |
| <b>Total</b>                           | <b>\$225,962</b>                     | <b>\$16,929</b>     | <b>\$242,891</b> |

#### Notes:

1. Cr Frank Buchanan was re-elected as Mayor for a second term on 18 November 2015. A councillor vehicle is provided to the Mayor for business and private use.
2. Travel includes amounts reimbursed to Councillors for travel for Council business, remote area travel allowances. It also includes any accommodation or other travel related expenses (i.e. fares) that have been reimbursed to Councillors.

### Local Laws

The following local laws are in force:

**No. 1 Consumption of Liquor in Public Places**

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

**No. 2 General Local Law**

Date Adopted by Council: 25 September 2013

Date Operational: 25 September 2013

**No. 3 Livestock Local Law**

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

**No. 4 Governance**

Date Adopted by Council: 26 November 2014

Date Operational: 12 December 2014

**No. 5 Colac Livestock Selling Centre**

Date Adopted by Council: 24 August 2005

Date Operational: 24 September 2005

### Policies, Strategies and Plans

The following policies, strategies and key plans were reviewed, endorsed and/or adopted by Council during 2015/2016:

| Document                                                                                | Date Endorsed/Adopted                                                      |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Cororooke Open Space Landscape Master Plan                                              | 22 July 2015                                                               |
| Youth Council Charter                                                                   | Youth Council was discontinued by vote at Council Meeting on 27 April 2016 |
| Procurement Policy                                                                      | 22 July 2015                                                               |
| Asset Valuation and Revaluation Policy                                                  | 23 September 2015                                                          |
| Asset Capitalisation Policy                                                             | 23 September 2015                                                          |
| Colac Otway Fire Management Plan                                                        | 28 October 2015                                                            |
| Apollo Bay Harbour Development Plan                                                     | 25 November 2015                                                           |
| Domestic Wastewater Management Plan                                                     | 25 November 2015                                                           |
| Glossop Planning Services Review Report                                                 | 27 January 2016                                                            |
| Election Period Policy                                                                  | 23 March 2016                                                              |
| Colac Township – Economic Development, Commercial and Industrial Land Use Strategy 2016 | 23 March 2016                                                              |
| Draft Wye River and Separation Creek Resettlement Plan                                  | 27 April 2016                                                              |
| Council Plan 2013-2017                                                                  | 22 June 2016                                                               |
| Strategic Resource Plan 2016-2017 to 2019-2020                                          | 22 June 2016                                                               |
| Gellibrand Rex Norman Park Master Plan 2016                                             | 22 June 2016                                                               |
| Lake Colac Foreshore Master Plan (2016-2026)                                            | 22 June 2016                                                               |

### Audit Committee

The Audit Committee is an advisory committee of the Council and its main purpose is to:

- 1.1 Assist the Council in its oversight responsibilities by monitoring, reviewing and advising on:
  - The truth and fairness of the view given by the annual financial and performance statements of the Council.
  - The Council's accounting policies and practices in accordance with current and emerging, accounting standards.
  - The external auditor's performance.
  - The independence and performance of the internal audit function.
  - Compliance with legal and regulatory requirements and policies.
  - Compliance with Council policy framework.
  - Internal controls, the control environment and the overall efficiency and effectiveness of financial operations.
  - The Council's overall risk management policy and programs.
- 1.2 Provide a forum for communication between the Council, management and the internal and external auditors.

The Audit Committee meets at least quarterly and has consisted of the following members over the financial year:

| Audit Committee                                                    | Eligible to Attend | Actual Attendance |
|--------------------------------------------------------------------|--------------------|-------------------|
| Mr Mike Said, Independent Member and Chairperson (EMES Consulting) | 4                  | 4                 |
| Ms Linda MacRae, Independent Member (Local Solutions Pty Ltd)      | 4                  | 4                 |
| Cr Stephen Hart                                                    | 4                  | 4                 |
| Cr Michael Delahunty                                               | 1                  | 1                 |
| Cr Terry Woodcroft                                                 | 3                  | 2                 |

Mr Mike Said was reappointed Chairperson of the committee on 10 December 2015.  
Ms Linda MacRae was reappointed to the Committee commencing 1 May 2013.

Cr Stephen Hart and Cr Terry Woodcroft were appointed to the Committee at the Special Council held on 18 November 2015.

The Chief Executive Officer, General Manager Corporate Services, Manager People, Performance and Culture, Manager Financial Services and the Financial Operations Coordinator attend meetings to assist with information and support. Other council officers attend as required.

Over the financial year the Audit Committee dealt with issues under the following headings as per the Audit Committee Charter:

- Financial Reporting
- Internal Control
- Risk Management
- Fraud Prevention/Awareness
- Business Continuity
- Internal Audit
- External Audit
- Compliance
- Reporting Responsibilities - Other
- Other Issues

*Outcomes 2015/16*

- Review of Audit Committee Plan for the financial year
- Review and endorsement of the 2015/16 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Quarterly reporting of Fraud Control Program
- Monitoring of Excess Annual Leave
- Review of Quarterly Performance Reports
- Review End of Year Management Report 2014/15
- Review of External Audit Strategy for the Financial Year ending 30 June 2016
- Review of Quarterly Risk Management Adherence Reports
- Review of Quarterly Compliance Register
- Review of Local Government Performance Reporting Framework
- Review of Reporting Responsibilities
- including Operation Plan 2015/16 and Audit Committee Report 2014/15
- Review of Audit Committee Charter, Internal Audit Policy and Fraud Prevention and Control Policy
- Review of AVDATA System
- Review of Independent Broad-Based Anti-Corruption Commission (IBAC) Survey
- Review of Internal Controls including IT Security and Control Environment Review and Waste Audit Report July 2014 – June 2015
- Review of audit scopes, reports and recommendations of internal audit projects, including Depot Operations, Purchasing Cards, Statutory Building and Electronic Content Management
- Review of Procurement / Purchasing Practices
- Review of Bushfire Recovery and the Processes and Practices Related to Disaster Recovery Planning

Council's External Auditor is the Victorian Auditor General (agent LD Assurance).

Council's Internal Auditor is Crowe Horwarth.



## Corporate Governance

We are committed to ensuring that our governance practices are accountable, transparent and fair and that we act with honesty and integrity in all of our operations and decisions.

Our Chief Executive Officer (CEO), Sue Wilkinson, is a direct appointment of Council and has a number of responsibilities that are set out in section 94 A of the *Local Government Act 1989*. These include:

- establishing and maintaining an appropriate organisational structure
- ensuring council decisions are implemented promptly
- oversight of the day to day management of council operations
- implementing the Council Plan
- developing a code of conduct for council staff
- providing timely advice to the council.

The CEO is also the main person to whom council delegates powers.

The organisation supports the Council by being responsive to the community, encouraging democratic participation and involving people in decisions that affect them. We strive for excellence in financial management and council services, and always look for better ways to do things. It encompasses:

- making clear the legislation and regulations under which we operate
- local laws we are authorised to make
- ethical decision-making processes
- delegations of authority
- effective risk management systems and processes
- establishing frameworks for planning, monitoring operational effectiveness
- performance management.

## Council Plan

The Council Plan 2013-2017, developed with extensive community consultation, is a high level strategic document responding to the issues faced by our community and sets out our goals, key strategic activities and performance indicators for the 4-year period. It also contains the Strategic Resource Plan showing the financial and human resources required to give effect to the plan. <http://www.colacotway.vic.gov.au/Council-the-shire/Reports-strategies-plans/Strategies-plans#Council-Plan-1>

## Governance and Management Checklist

The checklist forms part of the new *Local Government Planning and Reporting Regulations 2014* and is designed to measure whether a Council has strong governance and management frameworks. This is the first year reporting against the regulations, with the presentation of the checklist in the format prescribed in the regulations.

| Governance and Management Items                                                                                                                                                                                 | Assessment                                                                                                                             |   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---|
| 1. <b>Community engagement policy</b> (policy outlining council's commitment to engaging with the community on matters of public interest)                                                                      | Policy<br>Date of operation of current policy:<br>24 July 2013                                                                         | ✓ |
| 2. <b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)                                                                                   | Guidelines<br>Date of operation of current guidelines:<br>24 July 2013                                                                 | ✓ |
| 3. <b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)                                      | Adopted in accordance with section 126 of the Act<br>Date of adoption: 22 June 2016                                                    | ✓ |
| 4. <b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)       | Adopted in accordance with section 130 of the Act<br>Date of adoption: 22 June 2016                                                    | ✓ |
| 5. <b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)                                               | Plans<br>Date of operation of current plan:<br>Road Management Plan, 15 December 2014                                                  | ✓ |
| 6. <b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)                                                                                                      | Strategy<br>Date of operation of current strategy:<br>26 March 2014                                                                    | ✓ |
| 7. <b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)                                                                                      | Policy<br>Date of operation of current policy:<br>4 February 2016                                                                      | ✓ |
| 8. <b>Fraud policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)                                                                                                     | Policy<br>Date of operation of current policy:<br>22 April 2015                                                                        | ✓ |
| 9. <b>Municipal emergency management plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)                                               | Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i><br>Date of preparation: 5 April 2016 | ✓ |
| 10. <b>Procurement policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works) | Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i><br>Date of approval: 22 July 2015        | ✓ |
| 11. <b>Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)                                           | Plan<br>Date of operation: 1 April 2016                                                                                                | ✓ |
| 12. <b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)                                                  | Plan<br>Date of operation: 5 May 2016                                                                                                  | ✓ |
| 13. <b>Risk management framework</b> (framework outlining council's approach to managing risks to the Council's operations)                                                                                     | Framework<br>Date of operation of current framework:<br>22 April 2015                                                                  | ✓ |

| Governance and Management Items                                                                                                                                                                                                                                                                         | Assessment                                                                                                                                                                            |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 14. <b>Audit Committee</b> (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements) | Established in accordance with section 139 of the Act<br>Date of establishment: 31 December 1995                                                                                      | ✓ |
| 15. <b>Internal audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)                                                                                                   | Engaged<br>Date of engagement: 31 July 2012                                                                                                                                           | ✓ |
| 16. <b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)                                                                                                          | Framework<br>Date of operation: 28 July 2014                                                                                                                                          | ✓ |
| 17. <b>Council Plan reporting</b> (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)                                                                             | Report<br>Date of report: 22 June 2016                                                                                                                                                | ✓ |
| 18. <b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)                                                                                                                            | Statements presented to Council in accordance with section 138(1) of the Act<br>Dates statements presented:<br>Q1. 23 /09/ 2015<br>Q2. 28/10/2015<br>Q3. 24/02/2016<br>Q4. 27/04/2016 | ✓ |
| 19. <b>Risk reporting</b> (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)                                                                                                                             | Reports<br>Date of reports:<br>Half Year 10 December 2015<br>Full Year 1 June 2016                                                                                                    | ✓ |
| 20. <b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)                                                                                      | Reports<br>Date of report:<br>Audit Committee Report<br>Half Year 10 December 2015<br>Full Year 1 June 2016                                                                           | ✓ |
| 21. <b>Annual report</b> (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)                                                                                                                 | Considered at a meeting of council in accordance with section 134 of the Act<br>Date of consideration: 28 October 2015                                                                | ✓ |
| 22. <b>Councillor Code of Conduct</b> (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)                                                                                                                         | Reviewed in accordance with section 76C of the Act<br>Date reviewed: 15 June 2016                                                                                                     | ✓ |
| 23. <b>Delegations</b> (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)                                                                                                                                | Reviewed in accordance with section 98(6) of the Act<br>Date of review: 23 March 2016                                                                                                 | ✓ |
| 24. <b>Meeting procedures</b> (a local law governing the conduct of meetings of council and special committees)                                                                                                                                                                                         | Meeting procedures local law made in accordance with section 91(1) of the Act<br>Date local law made: 26 November 2014                                                                | ✓ |

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



**Sue Wilkinson**  
Chief Executive Officer  
Dated: 19 September 2016



**Cr Frank Buchanan**  
Mayor  
Dated: 19 September 2016

### Risk Management

Risk Management has a high organisational profile, reinforced by the Risk Management Committee and the Executive and monitored by Council's Audit Committee. Council is committed to the management of risk as an integral part of its activities, operations and services to the local community.

In April 2016, an independent audit of Council's insurance and strategic risk management framework was completed. The objective of the audit was to review the adequacy of Council's risk management framework and make recommendations in relation to the ongoing development and improvement of Council's risk management initiatives. The audit report commended our established risk management program and the solid foundations of a framework aligned to international risk management standards. The report supports Council's ongoing efforts to maturing and strengthening our control environment by linking risk thinking to the planning framework, and requiring all managers to systemically drive risk management. No high issues were identified.

In February 2016 a review of the Risk Management Policy was completed. The Policy emphasises a systematic approach to identifying, analysing and mitigating risks required by the Australian/New Zealand Joint Standard for Risk Management (AS/NZS ISO 31000:2009). The supporting policies, internal controls and standards for the Risk Management Strategy are reviewed and monitored by the Risk Management Committee at its quarterly meetings. Identified risks have been added to our risk register within TRIM, our corporate records system, and allocated to appropriate managers for action.

### Insuring our risks

#### *Public and Professional Liability*

We experienced an increase of approximately 12.5% in the cost of our Liability Mutual Insurance (LMI) for 2015/16. Our insurer advised that this increase was due to a slight deterioration in our claims experience over the 12 month period. Our 2014/2015 LMI Renewal Contribution was based on our claims experience over 9 years as at 31 December 2013, which totalled \$2.14 million. By contrast, our 2015/2016 LMI Renewal Contribution was based on our claims experience over 9 years as at 31 December 2014, which had increased by \$320K to a figure of \$2.46 million. When compared with that of other LMI members the result was a slightly higher than the average 2015/2016 member contribution increase of 3%.

#### *Asset and Commercial and Crime insurances*

We maintained our asset (JMAPP) insurance with a slight premium decreased of 3% in 2015/16 and again received a member's surplus contribution of \$5,000 to benefit ongoing improvement of business continuity practices. Council's Commercial Crime Insurance was also maintained with a low 2.9% increase on the 2014/15 premium of \$4,551.

Recognising the importance of the availability, security, and integrity Council's computer networks and data, an additional Cyber Liability Policy was also acquired during the 2015/16 renewal for the Council's 2016/17 insurances policies. This policy is specifically designed to protect Council from

many of the first-and third-party costs and expenses that may result from a cyber-attack, a breach in network security or a cyber incident affecting the network or a third party service provider engaged by Council.

#### *WorkSafe insurance*

Our WorkSafe insurance premium for 2015/16 decreased by a substantial 53% from the 2014/15. The lower premium reflected in the significant decrease in the number of standard claims made, and time taken for injured workers to return to work during this reporting period; two compared with eight for 2014/15. The number of claims resulted in a total incurred claims cost from \$242,260 in 2014/15 to \$7,069 in 2015/16.

#### **Contracts**

During 2015/16 Council entered into one contract valued in excess of \$150,000 without inviting public tenders. The contract was with AS Miner Geotechnical Pty Ltd for the provision of geotechnical services and was valued at \$182,000. This contract met the requirements for an exemption from the public tender requirement under s186(5)(a) of the *Local Government Act 1989* because it related to an emergency situation, specifically, landslip risk as a result of bushfires.

#### **Continuous service improvement**

The Best Value provisions outlined in the *Local Government Act 1989* require Council to review its services against the following principles:

- Specific quality and cost standards for every council service
- Responsiveness to community needs
- Accessibility and appropriately targeted services
- Continuous improvement
- Regular community consultation on all services and activities
- Frequent community reporting

The following service improvements have been implemented during 2015/16:

- A new Compliance Unit was formed as part of the organisation restructure, centralising all main compliance functions of Council (i.e. Local Laws, Fire Prevention and Planning Compliance). In addition to efficiency gains, using common processes for developing briefs, prioritising enforcements and managing appeals ensures compliance is being administered in a more consistent manner.
- Maternal and Child Health paid particular attention to the needs of Aboriginal and Torres Strait islanders, which has increased their participation rate from 50% to 58.7%.
- A review of postage processes and implementation of improvements provided an estimated saving of \$28,000.
- Memberships and subscriptions were reviewed across the organisation with an outcome of \$42,000 in estimated savings.
- An internal review of recruitment advertising process and costs has recommended actions that will provide an estimated \$23,000 in savings.
- A new process was implemented for the kerb renewal and footpath programs (both new and renewal) resulting in an additional \$120,000 worth of works completed in 2015/16.
- A number of processes and systems within the organisation were reviewed across a number of different departments which resulted in a combined estimated saving of over \$30,000. This review also provided efficiency savings of over 300 hours across the organisation.



## Legislative Compliance

Council has responsibilities under a wide range of Victorian and Commonwealth legislation. Some of the key Acts that affect Council are:

- Building Act 1993
- Carers Recognition Act 2012
- Domestic Animals Act 1994
- Environment Protection Act 1970
- Equal Opportunity Act 2010
- Food Act 1984
- Freedom of Information Act 1982
- Information Privacy Act 2000
- Infringements Act 2006
- Land Acquisition and Compensation Act 1986
- Local Government Act 1989
- Occupational Health and Safety Act 2004
- Privacy and Data Protection Act 2014
- Planning and Environment Act 1987
- Protected Disclosure Act 2012
- Public Health and Wellbeing Act 2008
- Road Management Act 2004
- Road Safety Act 1986
- Sentencing Act 1991
- Subdivision Act 1988
- Valuation of Land Act 1960

A number of these Acts are required to be reported on in Council's Annual Report:

### Privacy and Data Protection Act 2014

Council has adopted policies on information privacy and health records that meet the requirements of the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*. Both Acts include privacy principles about the collection, use and disclosure of information. Council's Information Privacy and Data Protection Policy can be downloaded from our website at <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>. The responsible handling of personal information is a key aspect of governance and we are strongly committed to protecting an individual's right to privacy. No complaints were received during 2015/16.

### Freedom of Information Act 1982

The *Freedom of Information Act 1982* gives the community a right to access certain Council documents. The Act has four basic principles:

1. Local governments are required to publish information about the documents they hold, particularly those which affect members of the public in their dealings with Council.
2. Each person has a legally enforceable right to access information, limited only by exemptions necessary for the protection of the public interest and the private and business affairs of persons from whom information is collected by Council.
3. People may appeal against a decision not to give access to information or not to amend a personal record.
4. People may request inaccurate, incomplete, out of date or misleading information in their personal records be amended.



Freedom of information requests must be made in writing and be accompanied by a \$27.90 application fee. Applicants should also indicate how they would like to receive the information. For further information and access to the FOI Access Request Form, see Council's website <http://www.colacotway.vic.gov.au/Council-the-shire/Permits-applications-forms/Freedom-of-Information-Access-Request-Form>. Under the legislation, Council must decide if the information will be provided within 45 days.

#### *Appeals*

Applicants may appeal the decision made about their FOI request or the cost charged for access to documents. The letter containing the decision also outlines the appeal process. There were 10 FOI requests received in 2015/16.

#### **Protected Disclosure Act 2012**

Council has established guidelines for responding to protected disclosures, which establishes a process for reporting improper conduct or detrimental action by Colac Otway Shire or its employees. Disclosures can be made to the nominated council staff or to the Independent Broad-based Anti-corruption Commission (IBAC). Disclosures may be made by any person including a member, officer or employee of Colac Otway Shire. There were no protected disclosures in 2015/16. <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>.

#### **Carers Recognition Act 2012**

The *Carers Recognition Act 2012* came into effect on 1 July 2012. The *Act* was developed to formally recognise, promote and value the role of carers and those in their care. It provides a framework and principles to support care organisations understand their responsibilities and their response to staff and clients in their care.

Defined as public service care agencies under the *Act*, councils are required to report in their Annual Report on how they are meeting their legislated obligations in ensuring that:

- staff have an awareness and understanding of the care relationship principles
- those receiving services have an awareness and understanding of the care relationship principles
- staff reflect the care relationship principles in developing, providing or evaluating support and assistance for those in care relationships.

We have taken all practicable measures to review and modify policies to include recognition of the carer relationship and have provided the following additional resources:

- Information on the *Carers Recognition Act 2012* has been included in the Client Information handbook, with The Victorian Charter Supporting People in Care Relationships outlined.
- Information on *Carers Recognition Act 2012* has been included in the Staff Handbook.
- Goal Directed Care Plan principles implemented include recognition of the Carer's role in service delivery and planning.
- Disability Support – Priority of Access Policy acknowledges priority indicators that include “the need to strengthen or support the role of the family, carer or person's support network”.

In 2013 Colac Otway Shire was included in the National Disability Insurance Scheme (NDIS) trial area for Victoria. Since 2014, support for eligible people with a disability, which was previously funded through Home and Community Care and/or the Department of Human Services (DHS), is now funded through NDIS.

Since the transition, Council's Older Persons and Ability Support Services (OPASS) Unit has developed, and is delivering, responsive services for people of all abilities and their carers. Under the NDIS arrangements Council was required to register as a service provider and, as such, is required to follow the Care Plan as agreed to by the recipient, carer and the National Disability Insurance Agency (NDIA). Council currently works closely with 60 people and their carers to deliver the Care Plan.

#### Domestic Animals Act 1994

Under the *Act* Council is required to evaluate its Domestic Animal Management Plan implementation in the annual report. The plan was prepared in accordance with the requirements and responsibilities under the *Domestic Animals Act 1994*, the *Impounding of Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies. It was endorsed by Council on 24 July 2013 and will be reviewed in 2017.

The Domestic Animal Management Plan addresses topics including Authorised Officer training, promotion of responsible pet ownership including registration, minimisation of dog attacks, operation of the Municipal Pound facility and general service delivery throughout the municipality. All Officers are trained to the required standard with Certificate IV in Statutory Compliance and Certificate IV in Animal Management.

As at 30 June 2016 there were 5,981 domestic animals registered; 4,613 dogs and 1,368 cats:

- Of the 228 dogs impounded, 191 were returned to their owner, 23 were rehoused and 14 were euthanised. There has also been a small decrease in the dog euthanasia rate, which is encouraging (down from 17 in 2014/15). Despite our best efforts to rehouse animals, the number of people wanting to adopt suitable dogs is difficult to maintain.
- Of the 116 cats impounded, 3 were returned to their owner, 50 were rehoused and 58 were euthanised. We continued to receive support through a local vet who is running a cat adoption program and a reduced price de-sexing program.

Overall, of the 344 animals impounded (down from 444 in 2014/15), 79% were returned to their owner or re-housed (91% in 2014/15). These figures only include animals that were physically brought to the pound and not the many animals that were immediately returned to their owners.

#### Road Management Act 2004

Council, as a road authority, is required under Section 22 of the *Act* to publish a copy or summary of any direction received from the Minister in its annual report. No directions were received from the Minister in 2015/16.

#### Equal Opportunity Act 2010

(See the Our People section on page 26 for a detailed report.)

#### Public access to registers and documents

In accordance with regulation 12 of the *Local Government (General) Regulations 2015* Council is required to have the following list of documents available for public inspection. These documents can be viewed at the Colac Otway Shire Offices at 2-6 Rae Street, Colac from 8.30am to 5.00pm Monday to Friday.

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by Councillor or any member of Council staff in the previous 12 months.
- Agendas and Minutes of ordinary and special meetings held in the previous 12 months which are kept under section 93 of the *Act*, other than those agendas and minutes relating

to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act.

- Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act.
- A register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act.
- A document containing details of all leases involving land, which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease.
- A register maintained under section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

## Our Finances

### Financial Performance

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2015/16 and our financial position at the end of the period. It enables an assessment of our ability to deliver current services and maintain existing facilities in the longer-term.

#### In brief

We achieved a \$1.76 million surplus in 2015/16; \$3.04 million below budget expectations.

This was mainly due to:

- Prepayment of 50% of the 2015/16 Financial Assistance Grant by the Victoria Grants Commission in 2014/15 of \$2.99 million.
- Unforeseen expenditure on bushfire recovery of \$1.70 million.

We ended the financial year with a total cash balance of \$14.24 million compared to \$15.70 million in 2014/15 (included \$2.99 million grants received in advance).

Total borrowings decreased slightly over 2015/16, to \$4.77 million from \$5.37 million. Repayments totalled \$0.59 million and there were no new borrowings during the year (see Liabilities on page 82).

### Operating results

We achieved a \$1.76 million surplus for the 2015/16 financial year, compared to \$4.80 million for 2014/15; however this was due to a combination of factors including grant funding received in advance in the prior year and expenditure incurred for bushfire recovery. This is the tenth successive surplus, which is a significant result given the increasing demands on Council services.

We face increased financial constraints. Financial Assistance Grants from the Federal Government have been frozen at current levels for the period 2013/14 – 2016/17. This funding had previously been indexed at the

inflation rate. The impact of the freeze on grants is a reduction in excess of \$890,000 over the three year period.

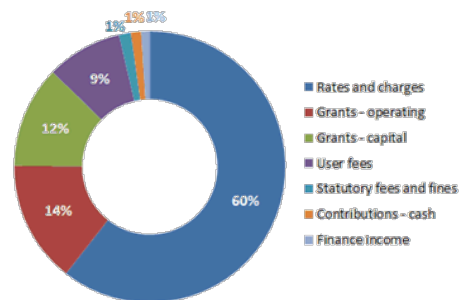
Our major challenge is to deliver a surplus to fund infrastructure renewal requirements whilst maintaining service levels.

### Revenue

Our total revenue for 2015/16 was \$46.28 million (budgeted \$49.12 million) compared with \$54.35 million for 2014/15. Further detail on our income can be seen in the Comprehensive Income Statement on page 91.

An analysis of Council's revenue sources highlights that 86% of our income is derived from three income categories:

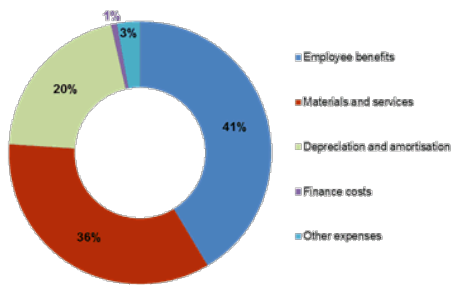
- Rates and charges 60%
- Operating grants 14%
- Capital grants 12%



### Expenditure

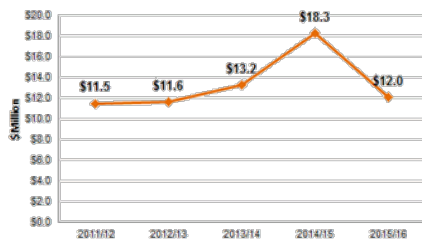
Our total expenses for 2015/16 were \$44.52 million; \$2.31 million more than the \$42.21 million spent in 2014/15 (detailed in the Comprehensive Income Statement). An analysis of expenses indicates that 96% were in the following three categories:

- Employee benefits 41%
- Materials and services 34%
- Depreciation and amortisation 21%



**Capital Works**

In 2015/16 our Capital Works activities reduced by \$6.22 million to a total of \$12.03 million. Renewal and upgrade of our existing assets accounted for \$11.18 million and we spent \$0.85 million on new works (principally the construction of the Pascoe Street carpark in Apollo Bay, the Memorial Square Rainwater garden and various new footpaths across the shire). The investment in capital works is a strategic approach to maintaining or renewing the community’s existing assets as they age.



Activities included:

- \$5.25 million on road works.
- \$2.18 million on redevelopment of the Bluewater leisure centre.
- \$1.28 million on renewal of Council’s plant, machinery and equipment.
- \$0.69 million on footpaths and cycleways works.
- \$0.80 million on bridge works.
- \$0.25 million on drainage works.

**Assets**

Our total assets are valued at \$274 million; 99% consisting of:

- Property, plant, equipment and infrastructure (land, buildings, roads, bridges etc.)
- Cash assets (mainly short-term investments)

**Liabilities**

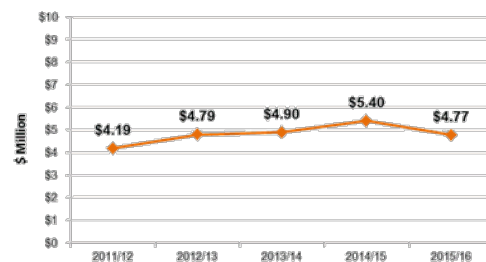
Our total liabilities were \$17.19 million as at 30 June 2016. Liabilities included loans, amounts owed to suppliers, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements. Liabilities reduced by \$0.98 million, in comparison with 2014/15. This was mainly due to a reduction in borrowings of \$0.59 million.

Provisions for employee benefits increased by \$0.18 million, due to allowing for future employee leave liabilities. Council’s provision for landfill restoration increased by \$0.07 million after a reassessment of works required and costings.

Council’s borrowings liability levels reduced from \$5.40 million in 2014/15 to \$4.77 million in 2015/16.

During 2015/16 Council made total loan repayments (principal and interest) of \$0.92 million. This resulted in an overall net reduction in debt of \$0.59 million. Council’s current debt is within the prudential ratio limits previously used by the Victorian State Government.

**Loan liability**





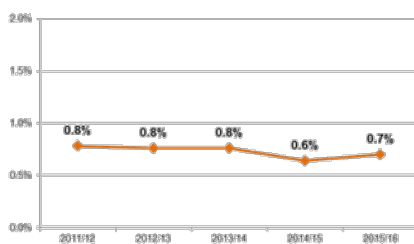
### Financial Indicators

The financial indicators included in this report provide information on performance trends over time.

#### Debt Servicing Ratio

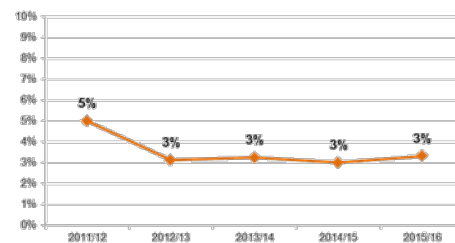
The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better Council's performance. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft. The ratio expresses the amount of interest paid as a percentage of our total revenue.

The ratio of 0.7% is well under the prudential limit of 5% previously set by the Victorian Government and indicates that we are comfortably able to service existing debt levels.



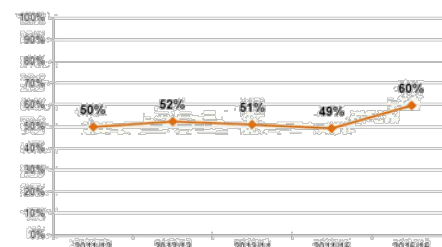
#### Debt Commitment Ratio

The Debt Commitment Ratio is used to illustrate how much of our revenue is used to fund our existing debt for the year. This includes the payment of loan principal and interest and finance lease principal and interest. The rate at which the ratio either increases or decreases is a reflection of our debt redemption strategy. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. Our Debt Commitment Ratio has remained steady at 3% for 2015/16, well under the 10% limit previously set by the Victorian State Government.



#### Revenue Ratio

The Revenue Ratio shows the level of our reliance on rate revenue. It is an indication of how much of our total revenue comes from rates and charges. It is influenced by other revenue sources such as government grants, contributions, special charges, user fees and charges. Rate income is a secure and predictable source of revenue. A low ratio can warn of undue reliance on other forms of revenue, which may or may not be sustainable, e.g. government grants. The preferred position is for a reliance on rates and other commercial revenue, with a low dependency on government grants.

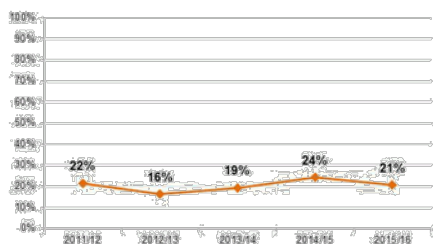




**Debt Exposure Ratio**

The Debt Exposure Ratio enables an assessment of our solvency and exposure to debt. A low ratio means that our realisable (or saleable) assets, such as land, buildings, plant and equipment exceeds overall liabilities. Total indebtedness refers to the total liabilities of Council compared with total realisable assets.

The ratio remains relatively steady with a minor decrease in the current year. We remain well under the limit of 50% previously set by the Victorian State Government.



**Financial Sustainability Indicators**

Financial sustainability is defined in a number of different ways. A generally accepted definition is whether local governments have sufficient current and prospective financial capacity (inflows) to meet their current and prospective financial requirements (outflows).

To be sustainable, councils need to have some excess capacity at any point in time to be able to manage future financial risks and shocks without having to radically adjust their current revenue or expenditure policies.

The indicators utilised by the Victorian Auditor General to assess the financial viability of councils are:

- Net Result – whether enough revenue is generated to cover operating costs (including the cost of replacing assets, reflected in depreciation expense).
- Liquidity – whether sufficient working capital exists to meet short-term commitments.
- Internal Financing – whether sufficient operating cash flows are generated to invest in asset renewal and to repay any debt incurred in the past.
- Indebtedness – whether there is an over reliance on debt to fund capital programmes.
- Capital Replacement – whether assets have been replaced at a rate consistent with the rate of their consumption.
- Renewal Gap – whether existing assets have been maintained at a consistent rate.

In the following graphs, the figures for the financial years 2011/12 to 2014/15 are taken from the Victorian Auditor-General’s (VAG) report that can be found at the following link: <http://www.audit.vic.gov.au/publications/20151125-Local-Government/20151125-Local-Government.pdf>

The 2015/16 figures in the graphs are our calculations of the ratios.

**Financial Sustainability Risk Matrix**

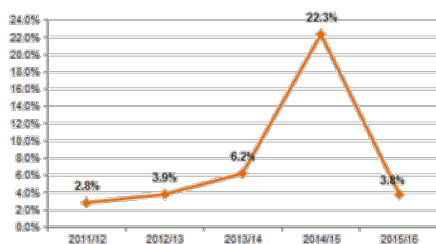
The matrix shows an excellent result for 2015/16, with all indicators at Low risk with the exception of the Internal Financing Ratio and the Capital Replacement Ratio (see page 86).

| Indicators               | Colac Otway Result | Risk Levels                |                               |                   |
|--------------------------|--------------------|----------------------------|-------------------------------|-------------------|
|                          |                    | High                       | Medium                        | Low               |
| Net Result Ratio         | 3.8%               | Negative 10% or less       | Between negative 10% and zero | Greater than zero |
| Liquidity Ratio          | 198%               | Equal to or less than 75%  | Between 75% and 100%          | Greater than 100% |
| Indebtedness Ratio       | 26%                | Greater than 60%           | Between 40% and 60%           | Less than 40%     |
| Internal Financing Ratio | 95%                | Less than 75%              | Between 75% and 100%          | Greater than 100% |
| Capital Replacement      | 131%               | Equal to or less than 100% | Between 100% and 150%         | Greater than 150% |
| Renewal Gap              | 123%               | Equal to or less than 50%  | Between 50% and 100%          | Greater than 100% |

The following graphs show the trend for each of the categories in the risk matrix above:

**Net Result Ratio**

This ratio includes capital grants that aid in generating an underlying surplus. This can be utilised for new assets or asset renewal. This result places Council within the 'Low' risk category for financial sustainability (see page 19).

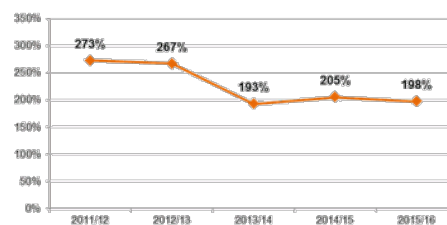


**Note:** This Ratio was revised by the Victorian Auditor General's Office in 2015/16, with prior year figures updated to reflect the new calculation methodology.

**Liquidity Ratio**

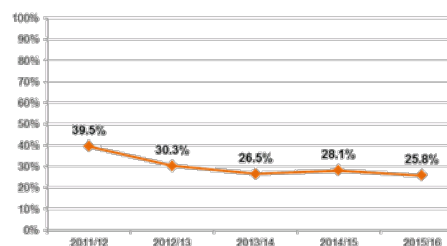
The Liquidity Ratio expresses the level of current assets, such as cash and investments, that Council has available to meet our current liabilities. This includes outstanding creditors and employee entitlements.

To be considered at Low risk by the Auditor General the ratio must be greater than 150%. This is reflected in Council's Strategic Resource Plan objective to maintain a ratio of at least 150%. Our current ratio of 198% is well over the recommended target for low risk. This is a very positive result. It means that we have no immediate issue with repaying our liabilities when they fall due.



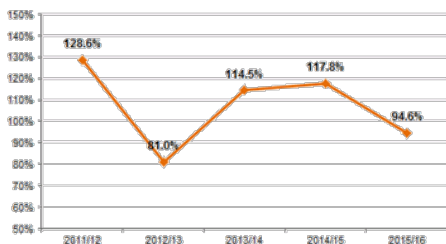
**Indebtedness Ratio**

This ratio indicates our ability to repay debt from our own sources of revenue, such as rates and charges. The ratio is comfortably in the low risk category, indicating that we are generating sufficient funds to cover debt without requiring outside assistance.



### Internal Financing Ratio

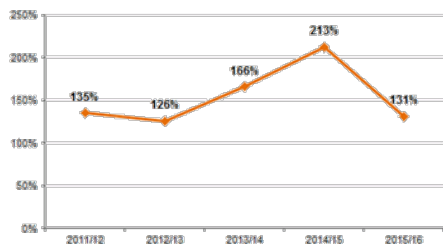
Results indicate that we are not generating sufficient cash from operations to fund the renewal of existing assets. The reduction in this ratio is a direct reflection of the prepayment of the Grants Commission funding in 2014/15. It is expected to normalise in 2016/17.



**Note:** This Ratio was revised by the Victorian Auditor General's Office in 2015/16, with prior year figures updated to reflect the new calculation methodology.

### Capital Replacement Ratio

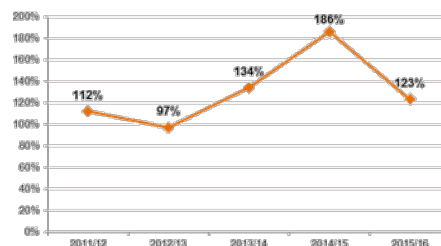
This ratio is about the overall spending on assets, both new and existing. The graph shows a drop in this ratio from 2014/15 due to the redirection of resources to bushfire recovery, together with a reflection of the peak in expenditure last year with Bluewater leisure centre works finalised.



**Note:** This Ratio was revised by the Victorian Auditor General's Office in 2015/16, with prior year figures updated to reflect the new calculation methodology.

### Renewal Gap Ratio

This ratio is about the renewal and upgrade of our existing assets (i.e. replacing one asset with another of the same or better quality). Much like the reduction in the Capital Replacement Ratio, this drop is due to the redirection of resources to bushfire recovery together with a reflection of the peak in expenditure last year with Bluewater leisure centre works finalised.



## Understanding the Financial Statements

### Introduction

The financial statements show Council's performance during 2015-2016 and our overall financial position as at 30 June 2016.

We present our financial report in accordance with Australian Accounting Standards. Particular terms required by the standards may not be familiar to some readers. Our commitment is to be as transparent as possible. It is in this context that the following explanations have been developed to assist readers understand and analyse the financial report.

The financial report comprises two sets of statements:

- Financial Statements (see page 89)
- Performance Statement (see page 141)

### Annual Financial Report

The Annual Financial Report contains the General Purpose Financial Statements. The data throughout this report includes all entities controlled by Council.

Council's financial report has two main sections, the Report and the Notes. There are five Statements and 36 notes. These are prepared by Council staff and reviewed by Council and Council's Audit Committee. They are also audited by the Victorian Auditor-General.

The five statements included in the first few pages of the report are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Capital Works and Statement of Cash Flows.

The Notes detail Council's accounting policies and give further information about the make-up of the values contained in the statements.

### Comprehensive Income Statement

This statement includes all sources of income, less all operating expenses incurred in delivering Council services. It also includes depreciation of the value of buildings, roads,

footpaths, drains and all other assets used to deliver Council services. These assets are depreciated over their life as they are used. Capital costs or new assets acquired or created during the year are excluded from the statement.

Preparation of the statement is on an 'accrual' basis. This means that all income and costs for the year are recognised even though the income may not have been received (interest on bank deposits), or expenses not paid (invoices not received for goods and services already used).

The key figure to look at is the surplus/(deficit) for the year. A surplus is positive as it means that revenue was greater than expenses. Continual deficits (losses) may raise questions about Council's ability to be financially viable in the longer-term.

### Balance Sheet

The Balance Sheet is a one-page summary of our financial position as at 30 June each financial year. It shows what we own (assets) and what we owe (liabilities). The bottom line of this statement is net assets or the 'net worth' of Council.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due or will be used in the next 12 months. The components of the Balance Sheet are described below.

### Current and Non-Current Assets

- Cash includes cash and cash equivalents i.e. cash held in the bank, petty cash and term deposits.
- Receivables are monies owed to Council by ratepayers and others.
- Investment in Associate is the investment in the Corangamite Regional Library Corporation.
- Other assets include inventory and accounts which have been prepaid.
- Property, Plant and Equipment, Infrastructure is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, and other items.

### Current and Non-Current Liabilities

- Trade and other payables are monies owed by Council as at 30 June each financial year.
- Trust funds and deposits are monies received and held by Council.
- Provisions include landfill rehabilitation works and employee benefits, such as accrued long service and annual leave.
- Interest bearing liabilities includes loans repaid over a set period of time. Lease liabilities are leases of assets where ownership of the asset is transferred to Council.

### Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of Council as at 30 June each financial year. The net value of Council is also synonymous with total equity.

### Total Equity

- Asset revaluation reserve is the difference between the previously recorded value of property and infrastructure assets and their current valuations.
- Other reserves are allocations of the accumulated surplus to specific projects.
- Accumulated surplus is the value of all net assets accumulated over time.

### Statement of Changes in Equity

The value of total equity, as set out in the balance sheet, changes during the year. The statement shows the values of each change along with how and why.

The main reasons for changes in equity are:

- The 'profit and loss' from operations, described in the Comprehensive Income Statement as the surplus/(deficit) for the year.
- The use of monies from Council's reserves and transfers to Council's reserves.
- Revaluation of assets occurs to ensure that assets are correctly valued at current replacement value.

### Statement of Capital Works

The Statement of Capital Works summarises Council spending on assets for the year. The Statement of Capital Works breaks all capital expenditure incurred by Council into three broad headings – Property, Plant and Equipment, and Infrastructure, with relevant sub groups below these.

The Statement of Capital Works also shows asset spending by three categories:

- New asset expenditure – spending on assets that Council has not possessed previously.
- Asset renewal expenditure – spending on renewing Council's existing assets back to their original service provision capacity.
- Asset upgrade expenditure – spending on improving the service capacity of Council's existing assets.

### Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific Accounting Standard and needs some care in analysis. The values may differ from those shown in the Comprehensive Income Statement because this statement is prepared on an accrual accounting basis.

The amounts disclosed in the Cash Flow Statement are our cash flows generated from, and used in, three main areas:

#### 1. Cash Flow from Operating Activities

- Receipts. All cash received into Council's bank account from ratepayers and other monies owed to Council. Receipts also include the interest assets from Council's cash investments. It does not include the costs associated with the sale of assets.
- Payments. All cash paid from Council's bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.



## 2. Cash Flow from Investing Activities

The accounting term Investing Activities relates to payments for the acquisition of assets, such as new plant, roads and other long-term revenue producing assets. It also includes the proceeds from the sale of assets, such as plant, and land.

## 3. Cash Flow from Financing Activities

This is where the receipt and repayment of borrowed funds are recorded, as well as any movement in trust funds and deposits held by Council.

The bottom line of the Statement of Cash Flows is our total cash at the end of the financial year.

The Statement of Cash Flows is important as it shows the source of our funds and details how they are spent.

### Notes to the Accounts

The Notes are an important and informative section of the report. The Australian Accounting Standards are not prescriptive on a lot of issues. To understand the basis on which the values shown in the statements are established, it is necessary to provide details of Council's accounting policies. These are described in Note 1.

Apart from the accounting policies, the Notes also give details behind many of the summary figures contained in the statements. The Note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and the Statement of Cash Flows.

Note 2 provides for a comparison between end of year actual results and Council's original budget, highlighting and providing explanations for major variances.

Where Council wishes to disclose other information that cannot be incorporated in the statements, then this is shown in the Notes. Other Notes include:

- The cost of the various functions of Council.

- The breakdown of expenses, revenues, reserves and other assets.
- Transactions with persons related to Council.
- Financial performance indicators.

The Notes should be read in conjunction with the other parts of the Financial Statements to get a clear picture of the accounts.

### What is the Performance Statement?

The Performance Statement reports on Council's progress for the financial year against the Local Government Performance Reporting Framework indicators adopted as part of the annual budget. They include financial and non-financial data.

Our external auditors review the evidence and accuracy of the results.

### Statements by Principal Accounting Officer and Councillors

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council. It assures that, in her/his opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two councillors on behalf of Council confirming that in their opinion the financial statements are fair and not misleading. The Chief Executive Officer also endorses and signs the certification.

### Auditor General's Report

The Independent Auditor's Report provides an external opinion on the financial statements. The opinion covers statutory and professional requirements as well as addressing the fairness aspects of the financial statements.





# Colac Otway

SHIRE

COLAC OTWAY SHIRE COUNCIL  
ANNUAL FINANCIAL REPORT

*For the Year Ended 30 June 2016*

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**Comprehensive Income Statement  
For the Year Ended 30 June 2016**

|                                                                                    | Note | 2016<br>\$'000 | 2015<br>\$'000 |
|------------------------------------------------------------------------------------|------|----------------|----------------|
| <b>Income</b>                                                                      |      |                |                |
| Rates and charges                                                                  | 3    | 27,613         | 26,629         |
| Statutory fees and fines                                                           | 4    | 633            | 508            |
| User fees                                                                          | 5    | 4,096          | 3,634          |
| Grants - operating                                                                 | 6(a) | 6,638          | 13,319         |
| Grants - capital                                                                   | 6(b) | 5,559          | 8,237          |
| Contributions - monetary                                                           | 7(a) | 545            | 624            |
| Contributions - non-monetary                                                       | 7(b) | -              | 519            |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment       | 8    | 292            | (4)            |
| Investment in associates, joint ventures and subsidiaries                          | 16   | 33             | (123)          |
| Other income                                                                       | 9    | 872            | 1,005          |
| <b>Total income</b>                                                                |      | <b>46,280</b>  | <b>54,348</b>  |
| <b>Expenses</b>                                                                    |      |                |                |
| Employee costs                                                                     | 10   | 18,432         | 17,306         |
| Materials and services                                                             | 11   | 15,422         | 14,406         |
| Bad and doubtful debts                                                             | 12   | 3              | 24             |
| Depreciation and amortisation                                                      | 13   | 9,082          | 8,803          |
| Borrowing costs                                                                    | 14   | 323            | 347            |
| Other expenses                                                                     | 15   | 1,257          | 1,322          |
| <b>Total expenses</b>                                                              |      | <b>44,519</b>  | <b>42,208</b>  |
| <b>Surplus/(deficit) for the year</b>                                              |      | <b>1,761</b>   | <b>12,140</b>  |
| <b>Other comprehensive income</b>                                                  |      |                |                |
| <b>Items that will not be reclassified to surplus or deficit in future periods</b> |      |                |                |
| Net asset Revaluation increments/decrements                                        | 27   | 7,220          | 262            |
| <b>Items that may be reclassified to surplus or deficit in future periods</b>      |      |                |                |
| Nil                                                                                |      |                |                |
| <b>Total comprehensive result</b>                                                  |      | <b>8,981</b>   | <b>12,402</b>  |

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

**Balance Sheet**  
**As at 30 June 2016**

|                                                           | Note  | 2016<br>\$'000 | 2015<br>\$'000 |
|-----------------------------------------------------------|-------|----------------|----------------|
| <b>Assets</b>                                             |       |                |                |
| <b>Current assets</b>                                     |       |                |                |
| Cash and cash equivalents                                 | 17    | 14,238         | 15,696         |
| Trade and other receivables                               | 18(a) | 2,550          | 3,120          |
| Inventories                                               | 19    | 140            | 147            |
| Other assets                                              | 20    | 115            | 20             |
| <b>Total current assets</b>                               |       | <b>17,043</b>  | <b>18,983</b>  |
| <b>Non-current assets</b>                                 |       |                |                |
| Trade and other receivables                               | 18(b) | -              | -              |
| Investment in associates, joint ventures and subsidiaries | 16    | 307            | 274            |
| Property, infrastructure plant and equipment              | 21    | 273,584        | 263,144        |
| Intangible assets                                         | 22    | 46             | 132            |
| <b>Total non-current assets</b>                           |       | <b>273,937</b> | <b>263,550</b> |
| <b>Total assets</b>                                       |       | <b>290,980</b> | <b>282,533</b> |
| <b>Liabilities</b>                                        |       |                |                |
| <b>Current liabilities</b>                                |       |                |                |
| Trade and other payables                                  | 23    | 2,781          | 3,689          |
| Trust funds and deposits                                  | 24    | 681            | 419            |
| Provisions                                                | 25    | 4,530          | 4,548          |
| Interest-bearing loans and borrowings                     | 26(a) | 636            | 591            |
| <b>Total current liabilities</b>                          |       | <b>8,628</b>   | <b>9,247</b>   |
| <b>Non-current liabilities</b>                            |       |                |                |
| Provisions                                                | 25    | 4,429          | 4,159          |
| Interest-bearing loans and borrowings                     | 26(b) | 4,137          | 4,772          |
| <b>Total non-current liabilities</b>                      |       | <b>8,566</b>   | <b>8,931</b>   |
| <b>Total liabilities</b>                                  |       | <b>17,194</b>  | <b>18,178</b>  |
| <b>Net assets</b>                                         |       | <b>273,786</b> | <b>264,355</b> |
| <b>Equity</b>                                             |       |                |                |
| Accumulated surplus/(deficit)                             |       | 113,783        | 115,117        |
| Reserves                                                  | 27    | 160,003        | 149,238        |
| <b>Total Equity</b>                                       |       | <b>273,786</b> | <b>264,355</b> |

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

### Statement of Changes in Equity For the Year Ended 30 June 2016

| 2016                                        | Note  | Accumulated     |                   | Revaluation       | Other              |
|---------------------------------------------|-------|-----------------|-------------------|-------------------|--------------------|
|                                             |       | Total<br>\$'000 | Surplus<br>\$'000 | Reserve<br>\$'000 | Reserves<br>\$'000 |
| Balance at beginning of the financial year  |       | 264,355         | 115,117           | 141,716           | 7,522              |
| Accumulated surplus/(deficit)               |       | 1,762           | 1,762             | -                 | -                  |
| Asset revaluation increment                 | 27(a) | 7,841           | -                 | 7,841             | -                  |
| Asset revaluation (decrement)               | 27(a) | (621)           | -                 | (621)             | -                  |
| Transfers to other reserves                 | 27(b) | (1)             | (9,006)           | -                 | 9,005              |
| Transfers from other reserves               | 27(b) | 450             | 5,910             | -                 | (5,460)            |
| <b>Balance at end of the financial year</b> |       | <b>273,786</b>  | <b>113,783</b>    | <b>148,936</b>    | <b>11,067</b>      |

| 2015                                        |       | Accumulated     |                   | Revaluation       | Other              |
|---------------------------------------------|-------|-----------------|-------------------|-------------------|--------------------|
|                                             |       | Total<br>\$'000 | Surplus<br>\$'000 | Reserve<br>\$'000 | Reserves<br>\$'000 |
| Balance at beginning of the financial year  |       | 279,297         | 116,790           | 150,422           | 12,085             |
| Prior Period Adjustment                     | 21(b) | (27,345)        | (18,378)          | (8,967)           | -                  |
| Accumulated surplus/(deficit)               |       | 12,141          | 12,141            | -                 | -                  |
| Asset revaluation increment                 | 27(a) | 383             | -                 | 383               | -                  |
| Asset revaluation (decrement)               | 27(a) | (122)           | -                 | (122)             | -                  |
| Transfers to other reserves                 | 27(b) | 1               | (6,738)           | -                 | 6,739              |
| Transfers from other reserves               | 27(b) | -               | 11,302            | -                 | (11,302)           |
| <b>Balance at end of the financial year</b> |       | <b>264,355</b>  | <b>115,117</b>    | <b>141,716</b>    | <b>7,522</b>       |

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

**Statement of Cash Flows**  
**For the Year Ended 30 June 2016**

|                                                                     | Note | 2016<br>Inflows/<br>(Outflows)<br>\$'000 | 2015<br>Inflows/<br>(Outflows)<br>\$'000 |
|---------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| <b>Cash flows from operating activities</b>                         |      |                                          |                                          |
| Rates and charges                                                   |      | 27,584                                   | 26,768                                   |
| Statutory fees and fines                                            |      | 568                                      | 657                                      |
| User fees                                                           |      | 3,949                                    | 3,447                                    |
| Grants - operating                                                  |      | 6,918                                    | 12,441                                   |
| Grants - capital                                                    |      | 5,560                                    | 8,266                                    |
| Contributions - monetary                                            |      | 545                                      | 641                                      |
| Interest received                                                   |      | 481                                      | 504                                      |
| Trust funds and deposits taken                                      |      | 339                                      | 83                                       |
| Other receipts                                                      |      | 392                                      | 528                                      |
| Net GST refund                                                      |      | 398                                      | 2,997                                    |
| Employee costs                                                      |      | (18,221)                                 | (17,061)                                 |
| Materials and services                                              |      | (15,869)                                 | (16,127)                                 |
| Trust funds and deposits repaid                                     |      | (76)                                     | (39)                                     |
| Other payments                                                      |      | (1,186)                                  | (1,607)                                  |
| <b>Net cash provided by/(used in) operating activities</b>          | 28   | <b>11,382</b>                            | <b>21,498</b>                            |
| <b>Cash flows from investing activities</b>                         |      |                                          |                                          |
| Payments for property, infrastructure, plant and equipment          |      | (12,618)                                 | (19,153)                                 |
| Proceeds from sale of property, infrastructure, plant and equipment |      | 693                                      | 438                                      |
| <b>Net cash provided by/(used in) investing activities</b>          |      | <b>(11,925)</b>                          | <b>(18,715)</b>                          |
| <b>Cash flows from financing activities</b>                         |      |                                          |                                          |
| Finance costs                                                       |      | (323)                                    | (349)                                    |
| Proceeds from borrowings                                            |      | -                                        | 1,000                                    |
| Repayment of borrowings                                             |      | (592)                                    | (553)                                    |
| <b>Net cash provided by/(used in) financing activities</b>          |      | <b>(915)</b>                             | <b>98</b>                                |
| Net increase/(decrease) in cash and cash equivalents                |      | (1,458)                                  | 2,881                                    |
| Cash and cash equivalents at the beginning of the financial year    |      | 15,696                                   | 12,815                                   |
| <b>Cash and cash equivalents at the end of the financial year</b>   | 17   | <b>14,238</b>                            | <b>15,696</b>                            |
| Financing arrangements                                              | 29   |                                          |                                          |
| Restrictions on cash assets                                         | 17   |                                          |                                          |

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



**Statement of Capital Works  
For the Year Ended 30 June 2016**

|                                        | 2016<br>\$'000 | 2015<br>\$'000 |
|----------------------------------------|----------------|----------------|
| <b>Property</b>                        |                |                |
| Buildings                              | 3,402          | 8,552          |
| <b>Total buildings</b>                 | <u>3,402</u>   | <u>8,552</u>   |
| <b>Total property</b>                  | <u>3,402</u>   | <u>8,552</u>   |
| <b>Plant and equipment</b>             |                |                |
| Plant, machinery and equipment         | 1,275          | 1,057          |
| Fixtures, fittings and furniture       | 227            | 495            |
| Computers and telecommunications       | 53             | 55             |
| <b>Total plant and equipment</b>       | <u>1,555</u>   | <u>1,607</u>   |
| <b>Infrastructure</b>                  |                |                |
| Roads                                  | 5,253          | 5,790          |
| Bridges                                | 807            | 764            |
| Footpaths and cycleways                | 689            | 1,015          |
| Drainage                               | 245            | 266            |
| Other infrastructure                   | 80             | 256            |
| <b>Total infrastructure</b>            | <u>7,074</u>   | <u>8,091</u>   |
| <b>Total capital works expenditure</b> | <u>12,031</u>  | <u>18,250</u>  |
| <b>Represented by:</b>                 |                |                |
| New asset expenditure                  | 853            | 1,889          |
| Asset renewal expenditure              | 8,862          | 8,995          |
| Asset upgrade expenditure              | 2,316          | 7,366          |
| <b>Total capital works expenditure</b> | <u>12,031</u>  | <u>18,250</u>  |

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

The capital works shown in this statement includes works that have been placed in Works In Progress and as such the expenditure noted here against each category may not equate to the acquisitions amount against each category in Note 21(a)

**Introduction**

The Colac Otway Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate.

The Council's main office is located at 2-6 Rae Street Colac Victoria 3250.

**Statement of compliance**

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

The purpose of the Council is to:

- provide for the peace, order and good government of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

The following information is provided :

External Auditor : Auditor-General of Victoria

Internal Auditor : Crowe Horwath

Solicitors: Maddocks Lawyers  
Harwood Andrews Pty Ltd

Bankers : Commonwealth Bank

Website address : [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)

**Note 1 Significant accounting policies****(a) Basis of accounting**

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(g))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1(n))
- the determination of employee provisions (refer to Note 1(u))
- the determination of landfill rehabilitation provision (refer to Note 1(v))

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

**(b) Changes in accounting policies**

There have been no changes in accounting policies from the previous period.

**Note 1 Significant accounting policies (cont.)****(c) Principles of consolidation**

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2016, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

There are no entities to be consolidated in these statements.

**(d) Committees of management**

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

**(e) Accounting for investments in associates and joint arrangements****Associates**

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

Council has one associate entity being Corangamite Regional Library Corporation for which it has a 23.74% share.

**Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

**(i) Joint operations**

Council recognises its direct right to the, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

**(ii) Joint ventures**

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

Council is associated with one Joint venture being the Colac Community Library and Learning Centre with a 50% involvement with the Victorian Department of Education and Early Childhood Development and the Colac Secondary college. Council's contribution was \$3.3 million.

**(f) Revenue recognition**

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

**Rates and Charges**

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

**Statutory fees and fines**

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

Any fines previously recognised as income but are referred to the court or policing system are processed as withdrawn income. Upon the court's determination, any income awarded is recognised upon receipt.

**User fees**

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

**Note 1 Significant accounting policies (cont.)****(f) Revenue recognition (cont.)***Grants*

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 6(c). (d) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

*Contributions*

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

*Sale of property, infrastructure, plant and equipment*

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

*Interest*

Interest is recognised as it is earned.

*Dividends*

Dividend revenue is recognised when the Council's right to receive payment is established.

*Other Income*

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

**(g) Fair value measurement**

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

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

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

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

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

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(h) Cash and cash equivalents**

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

**(i) Trade and other receivables**

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Impairment does not include infringements that, as part of the collection process, revert back to the court and policing systems where the Council no longer has control over collection of the debt.

**(j) Other financial assets**

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



**Note 1 Significant accounting policies (cont.)****(k) Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(l) Non-current assets classified as held for sale**

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

**(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles****(i) Acquisition**

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

In accordance with Council's policy, the threshold limits detailed in Note 1(n) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

**(ii) Revaluation**

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 21(b) Property infrastructure plant and equipment and other infrastructure

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

**(iii) Land under roads**

Council recognises all land under roads, acquired after 1 July 2008 which it controls, at fair value.

**(iv) Drainage network**

Revaluation of drainage assets previously didn't include excavation and backfilling which have now been included to better reflect the true fair value of the Drainage network.

**(n) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles**

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

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

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

Artworks are not depreciated.

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

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

## Note 1 Significant accounting policies (cont.)

## (n) Depreciation and amortisation of property, infrastructure plant and equipment and intangibles (cont.)

| <i>Asset recognition thresholds and depreciation periods</i> | <b>Depreciation<br/>Period</b> | <b>Threshold<br/>Limit</b> |
|--------------------------------------------------------------|--------------------------------|----------------------------|
|                                                              |                                | <b>\$'000</b>              |
| <b>Land and Buildings</b>                                    |                                |                            |
| <b>Land</b>                                                  |                                |                            |
| land                                                         | -                              | -                          |
| land under roads                                             | -                              | -                          |
| land improvements                                            | -                              | 5                          |
| <b>Buildings</b>                                             |                                |                            |
| heritage buildings                                           | 90 - 180 years                 | 5                          |
| buildings                                                    | 10 - 120 years                 | 5                          |
| shelters                                                     | 10 - 90 years                  | 5                          |
| building improvements                                        | 10 - 180 years                 | 5                          |
| leasehold improvements                                       | 10 - 180 years                 | 5                          |
| <b>Plant and Equipment</b>                                   |                                |                            |
| <b>Furniture</b>                                             |                                |                            |
| art work                                                     | 0 - 100 years                  | 4                          |
| indoor furniture                                             | 5 - 30 years                   | 4                          |
| playground equipment                                         | 10 - 40 years                  | 4                          |
| <b>Plant</b>                                                 |                                |                            |
| heritage plant and equipment                                 | -                              | 10                         |
| fixed plant, machinery and equipment                         | 3 - 50 years                   | 10                         |
| fleet (vehicles)                                             | 3 - 30 years                   | 10                         |
| major plant                                                  | 3 - 50 years                   | 10                         |
| minor plant                                                  | 3 - 10 years                   | 4                          |
| <b>Equipment</b>                                             |                                |                            |
| appliances                                                   | 3 - 60 years                   | 4                          |
| fixed equipment / fixtures and fittings                      | 5 - 55 years                   | 4                          |
| computers and telecommunications                             | 3 - 21 years                   | 4                          |
| leased plant and equipment                                   | -                              | 4                          |
| <b>Infrastructure</b>                                        |                                |                            |
| <b>Infrastructure</b>                                        |                                |                            |
| road and tarmac formation and earthworks                     | -                              | 10                         |
| road and tarmac pavements                                    | 10 - 80 years                  | 10                         |
| road and tarmac substructure                                 | -                              | 10                         |
| road and tarmac seals                                        | 10 - 60 years                  | 10                         |
| road and tarmac kerb, channel and minor culverts             | 45 - 80 years                  | 2.5                        |
| footpaths and cycleways                                      | 15 - 50 years                  | 2.5                        |
| <b>Bridges</b>                                               |                                |                            |
| bridges deck                                                 | 10 - 70 years                  | 10                         |
| bridges substructure                                         | 10 - 70 years                  | 10                         |
| bridges major culverts                                       | 50 - 70 years                  | 10                         |
| <b>Drainage</b>                                              |                                |                            |
| open drainage network                                        | 10 - 100 years                 | 10                         |
| pit and pipe network                                         | 40 - 100 years                 | 10                         |
| water retention structures                                   | 80 - 100 years                 | 10                         |
| <b>Other Infrastructure</b>                                  |                                |                            |
| gardens and landscaping                                      | 5 - 25 years                   | 10                         |
| playing surfaces                                             | 10 - 70 years                  | 10                         |
| retaining structures                                         | 10 - 45 years                  | 10                         |
| off street car parks                                         | 25 - 100 years                 | 10                         |
| aerodromes                                                   | 25 - 100 years                 | 10                         |
| <b>Intangible assets</b>                                     |                                |                            |
| software                                                     | 5 years                        | 4                          |



**Note 1 Significant accounting policies (cont.)****(o) Repairs and maintenance**

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

**(p) Investment property**

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

**(q) Impairment of assets**

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

**(r) Asset Derecognition**

Where an asset is renewed or upgraded, an assessment of the asset's existing service level that has been replaced by the renewal or upgrade is made. Where the value of the existing service capacity, the different to the current written down value an adjustment is made in asset disposal (Note 8) to the comprehensive income statement.

**(s) Trust funds and deposits**

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 24).

**(t) Borrowings**

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

*Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred. It is council's policy not to capitalise borrowing costs as part of a qualifying asset constructed by Council.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

**(u) Employee costs and benefits**

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

**(i) Wages and salaries and annual leave**

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

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

**Note 1 Significant accounting policies (cont.)****(u) Employee costs and benefits (cont.)****(ii) Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

**(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**(iv) Employee benefits oncosts**

Employee benefits on-costs (workers compensation, superannuation, annual leave and long service leave, sick leave accrued while on LSL taken in service) are recognised as part of the provision for employee benefits. The rate on oncost applied is the relevant oncost rate less the rostered day off element. This element is not accrued when long service and annual leave is taken.

**(v) Classification of employee costs**

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an adjustment to the long service leave cost.

**(v) Landfill rehabilitation provision**

The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

**(w) Leases****(i) Finance leases**

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council leases its copier/printers through a finance company but as ownership cannot transfer to council under the agreement the leases are regarded as operational. Council does not currently have any finance leases.

**(ii) Operating leases**

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred. Council's operating lease for copiers/printers is based on usage volume with a minimum payment based on the agreement minimum volume. For this reason the straight line basis is not appropriate method of expensing the cost.

**(iii) Leasehold improvements**

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 1 to 3 year period.

**Note 1 Significant accounting policies (cont.)****(x) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(y) Financial guarantees**

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probably that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 33 Contingent liabilities and contingent assets.

**(z) Contingent assets and contingent liabilities and commitments**

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of Note 30 and presented inclusive of the GST payable.

**(aa) Pending accounting standards**

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that there will be a material impact will flow from the application of these standards in future reporting periods.

The main cause of material impact is the application of the standard AASB 1004 ED 260 Recognition of income. This change is due to be implemented in the 2017-2018 financial year.

The proposed change will have the effect of recognising income in the period that the conditions required by the income receipt are met. The expected impact are shown below.

|                                                                                                   | 2016       | 2015         |
|---------------------------------------------------------------------------------------------------|------------|--------------|
| Grant income received in previous or current year to be fully utilised in future years            | 1,764      | 1,157        |
| Grant income received in the current financial year who has not met the conditions of the receipt | (899)      | (1,650)      |
| Affect on operating result                                                                        | <u>865</u> | <u>(493)</u> |

**(ab) Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

**Note 2 Budget comparison**

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 24th June 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**(a) Income and Expenditure**

|                                                                              | Budget        | Actual        | Variance       | Variance    |     |
|------------------------------------------------------------------------------|---------------|---------------|----------------|-------------|-----|
|                                                                              | 2016          | 2016          | 2016           | 2016        | Ref |
|                                                                              | \$'000        | \$'000        | \$'000         | %           |     |
| <b>Income</b>                                                                |               |               |                |             |     |
| Rates and charges                                                            | 27,987        | 27,613        | (374)          | -1%         |     |
| Statutory fees and fines                                                     | 534           | 633           | 99             | 19%         | 1   |
| User fees                                                                    | 4,628         | 4,096         | (532)          | -11%        | 2   |
| Grants - operating                                                           | 9,203         | 6,638         | (2,565)        | -28%        | 3   |
| Grants - capital                                                             | 5,893         | 5,559         | (334)          | -6%         |     |
| Contributions - monetary                                                     | 149           | 545           | 396            | 266%        | 4   |
| Reimbursements                                                               | 107           | 244           | 137            | 128%        | 5   |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 83            | 292           | 209            | 252%        | 6   |
| Share of net profits/(losses) of associates and joint ventures               | -             | 33            | 33             | 100%        | 7   |
| Other income                                                                 | 537           | 628           | 91             | 17%         | 8   |
| <b>Total income</b>                                                          | <b>49,121</b> | <b>46,281</b> | <b>(2,840)</b> | <b>-6%</b>  |     |
| <b>Expenses</b>                                                              |               |               |                |             |     |
| Employee costs                                                               | 18,168        | 18,432        | (264)          | -1%         |     |
| Materials and services                                                       | 14,274        | 15,422        | (1,148)        | -8%         | 9   |
| Bad and doubtful debts                                                       | 2             | 3             | (1)            | -50%        | 10  |
| Depreciation and amortisation                                                | 9,338         | 9,082         | 256            | 3%          |     |
| Borrowing costs                                                              | 346           | 323           | 23             | 7%          |     |
| Other expenses                                                               | 2,163         | 1,257         | 906            | 42%         | 9   |
| <b>Total expenses</b>                                                        | <b>44,291</b> | <b>44,519</b> | <b>(228)</b>   | <b>-1%</b>  |     |
| <b>Surplus/(deficit) for the year</b>                                        | <b>4,830</b>  | <b>1,762</b>  | <b>(3,068)</b> | <b>-64%</b> |     |



**Note 2 Budget comparison (cont.)**

**(a) Income and Expenditure (cont.)**

**(i) Explanation of material variations**

| Variance Ref | Item                                                                         | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1            | Statutory fees and fines                                                     | Statutory Fees and Charges increase by \$99,000 due to higher than expected planning activity (\$52,000) and higher than expected infringement revenue (\$46,000).                                                                                                                                                                                                                                                                                      |
| 2            | User fees                                                                    | User Fees and Charges decrease by \$532,000 due to transitioning of certain Aged care services to NDIS (\$276,000), Bluewater fitness revenue was less than budget (\$187,000) due to a delay in the opening of Bluewater and less than expected revenue from the Great Ocean Road Visitor Information Centre (\$69,000) due to the affects of the bushfire.                                                                                            |
| 3            | Grants - operating                                                           | Operating Grants reduced by \$2.966m largely due to the early receipt of this years Victorian Grants Commission funding in June 2015.                                                                                                                                                                                                                                                                                                                   |
| 4            | Contributions - monetary                                                     | Additional contributions were received during the year adding to an additional \$396,000 of revenue, some examples of these are L2P contribution of \$35,000, Victorian Adaptation Sustainability Project Phase 3 contribution of \$11,000, \$264,000 contribution to Pascoe Stree Carpark, \$50,000 contribution to Cororooke Tennis courts and \$14,000 contribution to Bluewater warm water pool.                                                    |
| 5            | Reimbursements                                                               | Reimbursements exceeded budget expectations by \$137,000, \$78,000 relates to additional Debt collection fees (See Materials and Services below), \$38,000 receipted from the Southwest sustainability partnership in relation to the energy efficient lighting installed in 2015 and \$18,000 for a Bluewater trainee.                                                                                                                                 |
| 6            | Net gain/(loss) on disposal of property, infrastructure, plant and equipment | Net gain on disposal exceeded the budgeted amount \$209,000 during this financial year, this is due to the disposal of assets being closer to their end of useful life. With the assets having a smaller Written Down Value this has enabled council to generate more income from the sales and less loss on infrastructure disposals.                                                                                                                  |
| 7            | Share of net profits/(losses) of associates and joint ventures               | Council did not budget for any movement in its equity investment in the Corangamite Regional Library Corporation. Actual results show a \$32,701 increase in the investment for the year.                                                                                                                                                                                                                                                               |
| 8            | Other income                                                                 | Other Income has increased \$91,000 during the 2016 Financial year. There are many small movements in this item, the major movements are \$21,000 of Bad debt recoveries, \$3,000 of additional water usage reimbursements, \$13,000 of Legal Charges recouped, \$23,000 of additional interest income than expected and \$23,000 of various sundry income items not budgeted for.                                                                      |
| 9            | Materials and services & Other Expenses                                      | There was a total unfavourable variance from Budget of \$241,000 across Material and Services and Other Expenses. This relates to \$72,000 of Bushfire expenditure (i.e. specialist), \$71,000 of debt collection services (which is covered by a favourable variance in Reimbursements - refer to item 5), \$70,000 of Solicitor fees and \$15,000 of agency staff (which is covered by a favourable variance in Reimbursements - refer item 5 above). |
| 10           | Bad and doubtful debts                                                       | Council under budgeted for its provision for Doubtful Debts for the year by \$750.                                                                                                                                                                                                                                                                                                                                                                      |

## Note 2 Budget comparison (cont)

## (b) Capital Works

|                                                | Budget<br>2016<br>\$'000 | Actual<br>2016<br>\$'000 | Variance<br>2016<br>\$'000 | Variance<br>2016<br>% | Ref |
|------------------------------------------------|--------------------------|--------------------------|----------------------------|-----------------------|-----|
| <b>Property</b>                                |                          |                          |                            |                       |     |
| Buildings & building improvements              | 3,128                    | 3,402                    | 274                        | 9%                    |     |
| Leasehold improvements                         | -                        | -                        | -                          | 0%                    |     |
| <b>Total Buildings</b>                         | <b>3,128</b>             | <b>3,402</b>             | <b>274</b>                 | <b>9%</b>             |     |
| <b>Total Property</b>                          | <b>3,128</b>             | <b>3,402</b>             | <b>274</b>                 | <b>9%</b>             |     |
| <b>Plant and Equipment</b>                     |                          |                          |                            |                       |     |
| Plant, machinery and equipment                 | 1,917                    | 1,275                    | (642)                      | -33%                  | 11  |
| Fixtures, fittings and furniture               | 30                       | 227                      | 197                        | 657%                  | 12  |
| Computers and telecommunications               | 278                      | 53                       | (225)                      | -81%                  | 13  |
| <b>Total Plant and Equipment</b>               | <b>2,225</b>             | <b>1,555</b>             | <b>(670)</b>               | <b>-30%</b>           |     |
| <b>Infrastructure</b>                          |                          |                          |                            |                       |     |
| Roads                                          | 5,600                    | 5,253                    | (347)                      | -6%                   |     |
| Bridges                                        | 672                      | 807                      | 135                        | 20%                   | 14  |
| Footpaths and cycleways                        | 654                      | 689                      | 35                         | 5%                    |     |
| Drainage                                       | 150                      | 245                      | 95                         | 63%                   | 15  |
| Recreational, leisure and community facilities | 2,860                    | -                        | (2,860)                    | -100%                 | 16  |
| Parks, open space and streetscapes             | 1,478                    | -                        | (1,478)                    | 0%                    | 17  |
| Other infrastructure                           | 570                      | 80                       | (490)                      | -86%                  | 18  |
| <b>Total Infrastructure</b>                    | <b>11,984</b>            | <b>7,074</b>             | <b>(4,910)</b>             | <b>-41%</b>           |     |
| <b>Total Capital Works Expenditure</b>         | <b>17,337</b>            | <b>12,031</b>            | <b>(5,306)</b>             | <b>-31%</b>           |     |
| <b>Represented by:</b>                         |                          |                          |                            |                       |     |
| New asset expenditure                          | 1,029                    | 853                      | (176)                      | -17%                  |     |
| Asset renewal expenditure                      | 11,523                   | 8,862                    | (2,661)                    | -23%                  |     |
| Asset upgrade expenditure                      | 4,785                    | 2,316                    | (2,469)                    | -52%                  |     |
| <b>Total Capital Works Expenditure</b>         | <b>17,337</b>            | <b>12,031</b>            | <b>(5,306)</b>             | <b>-31%</b>           |     |



Colac Otway Shire  
2015/16 Financial Report

**Notes to the Financial Report  
For the Year Ended 30 June 2016**



**Note 2 Budget comparison (cont)**  
**(b) Capital Works (cont.)**  
**(b) Explanation of material variations**

| Variance Ref | Item                                           | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11           | Plant, machinery and equipment                 | There are a number of items that were classified differently in the Budget compared to the Financial Statements for the Fixtures, fittings and furniture area. These include the Civic Hall Drapes and COPACC Technical Assets etc. The Two-way Radio Project was also deferred this year to the value of \$200,000 which was in this category.                                                                                                                         |
| 12           | Fixtures, fittings and furniture               | This originally only included the Furniture Replacement Programme. As note in Ref. 12 there were a number of areas that were incorrectly classified into the Plant, machinery and equipment area.                                                                                                                                                                                                                                                                       |
| 13           | Computers and telecommunications               | This variation in this category is due to the low capital value of the items being purchased and not meeting the capitalisation threshold.                                                                                                                                                                                                                                                                                                                              |
| 14           | Bridges                                        | The additional expenditure shown in this category is the remaining carried forward amounts that were not included in the Original Budget for 2015-16 year but have been expended in this financial year. These projects include Sand Road Bridge and the Cape Otway Bridge.                                                                                                                                                                                             |
| 15           | Drainage                                       | The additional expenditure shown in this category is the remaining carried forward amounts that were not included in the Original Budget for 2015-16 year but have been expended in this financial year. These projects include Richmond Street and Underground Stormwater Asset Renewal in Apollo Bay.                                                                                                                                                                 |
| 16           | Recreational, leisure and community facilities | This budget line includes items from that were reclassified into other categories, the budget also included the Central reserve redevelopment which has been carried over to the 2016/17 financial year.                                                                                                                                                                                                                                                                |
| 17           | Parks, open space and streetscapes             | This budget line includes items from that were reclassified into other categories, the budget also included the CBD and entrances project which has been carried over to the 2016/17 financial year.                                                                                                                                                                                                                                                                    |
| 18           | Other infrastructure                           | This budget included the Kerb and Channel Programme expenditure which is in the Roads area of the results. The Apollo Bay Transfer Station works were budgeted for as Other infrastructure but were classified as Buildings. There were also a number of projects that were budgeted for as Capital Works but fully expensed, and fully funded by grants received, as they were works on assets that were not council owned or controlled (i.e. Kwarren community hub). |

**Note 3 Rates and charges**

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

The valuation base used to calculate general rates for 2015/16 was \$5,386 million (2014/15 \$5,353 million). The 2015/16 and 2014/15 rate in the value of the land plus buildings and other improvements. dollar is shown below.

| Differential rate                                               | 2015/2016 | 2014/2015 |               |               |
|-----------------------------------------------------------------|-----------|-----------|---------------|---------------|
| Residential Colac                                               | 0.004513  | 0.004317  |               |               |
| Residential Colac East, Colac West, Elliminyt                   | 0.004513  | 0.003993  |               |               |
| Residential Balance of Shire                                    | 0.003836  | 0.003669  |               |               |
| Rural Farm                                                      | 0.003565  | 0.003410  |               |               |
| Holiday Rental                                                  | 0.004513  | 0.004317  |               |               |
| Commercial /Industrial Colac, Colac East, Colac West, Elliminyt | 0.007446  | 0.007123  |               |               |
| Commercial /Industrial Balance of Shire                         | 0.006318  | 0.006044  |               |               |
|                                                                 |           |           | <b>2016</b>   | <b>2015</b>   |
|                                                                 |           |           | <b>\$'000</b> | <b>\$'000</b> |
| General rates residential                                       |           |           | 13,695        | 13,287        |
| General rates farm / rural                                      |           |           | 5,587         | 5,343         |
| General rates commercial / industrial                           |           |           | 3,095         | 2,950         |
| Municipal charge                                                |           |           | 2,488         | 2,401         |
| Garbage charge                                                  |           |           | 2,726         | 2,625         |
| Special rates and charges                                       |           |           | 22            | 23            |
| <b>Total rates and charges</b>                                  |           |           | <b>27,613</b> | <b>26,629</b> |

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.

**Note 4 Statutory fees and fines**

|                                       |            |            |
|---------------------------------------|------------|------------|
| Infringements and costs               | 203        | 106        |
| Town planning fees                    | 170        | 163        |
| Health regulations                    | 147        | 130        |
| Building permits                      | 85         | 80         |
| Land information certificates         | 23         | 22         |
| Engineering Fees                      | 4          | 6          |
| Freedom of information                | 1          | 1          |
| <b>Total statutory fees and fines</b> | <b>633</b> | <b>508</b> |

**Note 5 User fees**

|                                               |              |              |
|-----------------------------------------------|--------------|--------------|
| Aged services                                 | 1,018        | 849          |
| Leisure centre                                | 774          | 338          |
| Colac livestock selling centre                | 688          | 749          |
| Colac Otway Performing Arts & Cultural Centre | 428          | 427          |
| Visitor information centre                    | 389          | 433          |
| Parking, animal control and local laws        | 216          | 217          |
| Waste disposal                                | 179          | 202          |
| Other fees and charges                        | 148          | 153          |
| Apollo bay harbour                            | 108          | 104          |
| Council properties fees and rental            | 79           | 73           |
| Town planning and building services           | 42           | 56           |
| Child care/children's programs                | 27           | 33           |
| <b>Total user fees</b>                        | <b>4,096</b> | <b>3,634</b> |

| Note 6 Grants                                        | 2016<br>\$'000 | 2015<br>\$'000 |
|------------------------------------------------------|----------------|----------------|
| Grants were received in respect of the following :   |                |                |
| <b>Summary of grants 2015/2016</b>                   |                |                |
| <u>Commonwealth funded grants</u>                    |                |                |
| Recurrent grants                                     | 4,017          | 3,576          |
| Non-recurrent grants                                 | 217            | -              |
| <b>Total funding from Commonwealth funded grants</b> | <b>4,234</b>   | <b>3,576</b>   |
| <u>State funded grants</u>                           |                |                |
| Recurrent grants                                     | 636            | 2,733          |
| Non-recurrent grants                                 | 689            | 329            |
| <b>Total funding from State funded grants</b>        | <b>1,325</b>   | <b>3,062</b>   |
| <b>Total</b>                                         | <b>5,559</b>   | <b>12,197</b>  |
| <b>Summary of grants 2014/2015</b>                   |                |                |
| <u>Commonwealth funded grants</u>                    |                |                |
| Recurrent grants                                     | 1,246          | 9,447          |
| Non-recurrent grants                                 | 3,200          | 40             |
| <b>Total funding from Commonwealth funded grants</b> | <b>4,446</b>   | <b>9,487</b>   |
| <u>State funded grants</u>                           |                |                |
| Recurrent grants                                     | 1,000          | 2,599          |
| Non-recurrent grants                                 | 2,791          | 1,233          |
| <b>Total funding from State funded grants</b>        | <b>3,791</b>   | <b>3,832</b>   |
| <b>Total</b>                                         | <b>8,237</b>   | <b>13,319</b>  |
| <b>Summary of grants</b>                             |                |                |
| Commonwealth funded grants                           | 7,810          | 13,933         |
| State funded grants                                  | 4,387          | 7,623          |
|                                                      | <b>12,197</b>  | <b>21,556</b>  |
| <b>(a) Grants - operating</b>                        |                |                |
| <b>Recurrent - Commonwealth Government</b>           |                |                |
| Victoria grants commission - untied base grant       | 1,744          | 5,199          |
| Victoria grants commission - local roads             | 1,239          | 3,815          |
| Family and community services                        | 258            | 331            |
| Port management                                      | 186            | -              |
| Aged & disability services                           | 75             | 56             |
| Diesel rebate scheme                                 | 49             | 47             |
| Environment and protection services                  | 25             | -              |
|                                                      | <b>3,576</b>   | <b>9,448</b>   |
| <b>Recurrent - State Government</b>                  |                |                |
| Aged & disability services                           | 1,366          | 1,307          |
| Port management                                      | 716            | 780            |
| Recreation & culture                                 | 290            | 159            |
| Maternal and child health                            | 215            | 216            |
| School crossing supervisors                          | 49             | 45             |
| Environment and protection services                  | 46             | 20             |
| Family and community services                        | 32             | 53             |
| Community safety                                     | 19             | 19             |
|                                                      | <b>2,733</b>   | <b>2,599</b>   |
| <b>Total recurrent operating grants</b>              | <b>6,309</b>   | <b>12,047</b>  |
| <b>Non-recurrent - Commonwealth Government</b>       |                |                |
| Recreation & culture                                 | -              | 25             |
| Environmental                                        | -              | 15             |
|                                                      | <b>-</b>       | <b>40</b>      |

| Note 6 | Grants (cont.)                                 | 2016<br>\$'000 | 2015<br>\$'000 |
|--------|------------------------------------------------|----------------|----------------|
|        | <b>Non-recurrent - State Government</b>        |                |                |
|        | Aged & disability services                     | 314            | 97             |
|        | Disaster Recovery                              | 15             | 344            |
|        | Environment and protection services            | -              | 457            |
|        | Recreation & culture                           | -              | 275            |
|        | Business and economic services                 | -              | 60             |
|        |                                                | <u>329</u>     | <u>1,233</u>   |
|        | <b>Total non-recurrent operating grants</b>    | <u>329</u>     | <u>1,273</u>   |
|        | <b>Total operating grants</b>                  | <u>6,638</u>   | <u>13,320</u>  |
| (b)    | <b>Grants - capital</b>                        |                |                |
|        | <b>Recurrent - Commonwealth Government</b>     |                |                |
|        | Bluewater leisure centre building upgrade      | 4,017          | -              |
|        | Roads to recovery                              | -              | 1,246          |
|        |                                                | <u>4,017</u>   | <u>1,246</u>   |
|        | <b>Recurrent - State Government</b>            |                |                |
|        | Bluewater leisure centre building upgrade      | 271            | -              |
|        | Environment and protection services            | 250            | -              |
|        | Port management                                | 92             | -              |
|        | Recreation & culture                           | 23             | -              |
|        | Local roads & bridges                          | -              | 1,000          |
|        |                                                | <u>636</u>     | <u>1,000</u>   |
|        | <b>Total recurrent capital grants</b>          | <u>4,653</u>   | <u>2,246</u>   |
|        | <b>Non-recurrent - Commonwealth Government</b> |                |                |
|        | Bluewater leisure centre building upgrade      | 217            | 3,200          |
|        |                                                | <u>217</u>     | <u>3,200</u>   |
|        | <b>Non-recurrent - State Government</b>        |                |                |
|        | Recreation & culture                           | 399            | 665            |
|        | Local roads & bridges                          | 290            | 473            |
|        | Bluewater leisure centre building upgrade      | -              | 1,564          |
|        | Traffic control                                | -              | 58             |
|        | Waste Management                               | -              | 14             |
|        | Buildings other                                | -              | 11             |
|        | Community safety                               | -              | 6              |
|        |                                                | <u>689</u>     | <u>2,791</u>   |
|        | <b>Total non-recurrent capital grants</b>      | <u>906</u>     | <u>5,991</u>   |
|        | <b>Total capital grants</b>                    | <u>5,559</u>   | <u>8,237</u>   |



|                                                                                                                               | 2016         | 2015         |
|-------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                                               | \$'000       | \$'000       |
| <b>Note 6 Grants (cont.)</b>                                                                                                  |              |              |
| <b>Conditions on grants</b>                                                                                                   |              |              |
| Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that |              |              |
| (c) had not occurred at balance date were:                                                                                    |              |              |
| Local Roads & Bridges                                                                                                         | 454          | 660          |
| Business & Economic Services                                                                                                  | 200          | 294          |
| Aged & Disabled Services                                                                                                      | 264          | 71           |
| Recreation & Culture                                                                                                          | 454          | 60           |
| Environment Protection & Services                                                                                             | 290          | 58           |
| Waste Management                                                                                                              | -            | 14           |
| Port Management                                                                                                               | 92           | -            |
| Family & Community Services                                                                                                   | 10           | -            |
|                                                                                                                               | <u>1,764</u> | <u>1,157</u> |
| Grants which were recognised as revenue in prior years and were expended during the                                           |              |              |
| (d) current year in the manner specified by the grantor were:                                                                 |              |              |
| Port Management                                                                                                               | -            | 635          |
| Recreation & Culture                                                                                                          | 157          | 570          |
| Local Roads & Bridges                                                                                                         | 660          | 423          |
| Aged & Disabled Services                                                                                                      | 14           | 17           |
| Environment Protection & Services                                                                                             | 54           | -            |
| Family & Community Services                                                                                                   | -            | 5            |
| Waste Management                                                                                                              | 14           | -            |
|                                                                                                                               | <u>899</u>   | <u>1,650</u> |
| Net increase/(decrease) in restricted assets resulting from grant revenues for the year:                                      | <u>865</u>   | <u>(493)</u> |
| (e) <b>Unspent grant received on condition that they be spent in a specific mananer</b>                                       |              |              |
| Balance at start of year                                                                                                      | 1,482        | 1,975        |
| Received during the financial year and remained unspent at balance date                                                       | 1,764        | 1,157        |
| Received in prior years and spent during the financial year                                                                   | (899)        | (1,650)      |
| Balance at year end                                                                                                           | <u>2,347</u> | <u>1,482</u> |
| <b>Note 7 Contributions</b>                                                                                                   |              |              |
| (a) Monetary                                                                                                                  |              |              |
| Parks, open space and streetscapes                                                                                            | 413          | 416          |
| Recreational, leisure and community facilities                                                                                | 80           | 112          |
| Other                                                                                                                         | 29           | 82           |
| Waste management                                                                                                              | 5            | 14           |
| Community day care                                                                                                            | 18           | -            |
|                                                                                                                               | <u>545</u>   | <u>624</u>   |
| (b) Non-monetary                                                                                                              |              |              |
| Footpaths and trails                                                                                                          | -            | 194          |
| Roads                                                                                                                         | -            | 185          |
| Drainage                                                                                                                      | -            | 140          |
|                                                                                                                               | <u>-</u>     | <u>519</u>   |
| Total contributions                                                                                                           | <u>545</u>   | <u>1,143</u> |
| Contributions of non monetary assets were received in relation to the following asset                                         |              |              |
| classes.                                                                                                                      |              |              |
| Infrastructure                                                                                                                | -            | 519          |
|                                                                                                                               | <u>-</u>     | <u>519</u>   |

|                                                                                            | 2016    | 2015    |
|--------------------------------------------------------------------------------------------|---------|---------|
|                                                                                            | \$'000  | \$'000  |
| <b>Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b> |         |         |
| <b>Land and Buildings</b>                                                                  |         |         |
| Fair value of assets disposed                                                              | -       | (140)   |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment         | -       | (140)   |
| <b>Plant and Equipment</b>                                                                 |         |         |
| Proceeds of sale                                                                           | 557     | 525     |
| Fair value of assets disposed                                                              | (967)   | (751)   |
| Accumulated depreciation of assets disposed                                                | 867     | 617     |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment         | 457     | 391     |
| <b>Infrastructure</b>                                                                      |         |         |
| Proceeds of sale                                                                           | -       | -       |
| Fair value of assets disposed                                                              | (395)   | (371)   |
| Accumulated depreciation of assets disposed                                                | 230     | 116     |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment         | (165)   | (255)   |
| <b>Summary</b>                                                                             |         |         |
| Proceeds of sale                                                                           | 557     | 525     |
| Fair value of assets disposed                                                              | (1,362) | (1,262) |
| Accumulated depreciation of assets disposed                                                | 1,097   | 733     |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment         | 292     | (4)     |
| <b>Note 9 Other income</b>                                                                 |         |         |
| Interest                                                                                   | 333     | 352     |
| Reimbursements                                                                             | 244     | 248     |
| Interest on rates                                                                          | 132     | 152     |
| Other                                                                                      | 158     | 216     |
| Private works                                                                              | 4       | 37      |
| Licencing fees                                                                             | 1       | -       |
| Total other income                                                                         | 872     | 1,005   |
| <b>Note 10(a) Employee costs</b>                                                           |         |         |
| Wages and salaries                                                                         | 12,905  | 12,503  |
| Wages and salaries - Bushfires                                                             | 512     | -       |
| Annual leave and long service leave                                                        | 1,878   | 1,853   |
| Superannuation                                                                             | 1,543   | 1,410   |
| Casual staff                                                                               | 579     | 360     |
| Casual staff - Bushfire                                                                    | 3       | -       |
| Sick leave                                                                                 | 409     | 471     |
| Other                                                                                      | 247     | 251     |
| Other - Bushfire                                                                           | 9       | -       |
| Fringe benefits tax                                                                        | 200     | 228     |
| WorkCover                                                                                  | 147     | 230     |
| Total employee costs                                                                       | 18,432  | 17,306  |



|                                                                                            | 2016          | 2015          |
|--------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                            | \$'000        | \$'000        |
| <b>Note 10(b) Superannuation</b>                                                           |               |               |
| Council made contributions to the following funds:                                         | 1,543         | 1,410         |
| <b>Defined benefit fund</b>                                                                |               |               |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)             | 324           | 202           |
|                                                                                            | <u>324</u>    | <u>202</u>    |
| <b>Accumulation funds</b>                                                                  |               |               |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)             | 652           | 882           |
| Employer contributions - other funds                                                       | 567           | 326           |
|                                                                                            | <u>1,219</u>  | <u>1,208</u>  |
| Employer contributions payable at reporting date.                                          | 158           | 127           |
| Refer to Note 32 for further information relating to Council's superannuation obligations. |               |               |
| <b>Note 11 Materials and services</b>                                                      |               |               |
| Materials                                                                                  | 4,113         | 2,065         |
| Materials - Bushfire                                                                       | 104           | -             |
| Contract payments                                                                          | 3,292         | 5,936         |
| Contract payments - Bushfire                                                               | 331           | -             |
| Services                                                                                   | 1,522         | 1,280         |
| Services - Bushfire                                                                        | 38            | -             |
| Consultants                                                                                | 747           | 755           |
| Consultants - Bushfire                                                                     | 558           | -             |
| Subscriptions and memberships                                                              | 1,214         | 1,046         |
| Utilities                                                                                  | 992           | 901           |
| Plant and equipment maintenance                                                            | 879           | 841           |
| Insurance                                                                                  | 540           | 477           |
| Agency staff                                                                               | 214           | 295           |
| Agency staff - Bushfire                                                                    | 115           | -             |
| Advertising                                                                                | 242           | 235           |
| Training costs                                                                             | 199           | 226           |
| Training costs - Bushfire                                                                  | 15            | -             |
| Legal costs                                                                                | 189           | 246           |
| Hire costs                                                                                 | 82            | 90            |
| Hire costs - Bushfire                                                                      | 32            | -             |
| Permits                                                                                    | 4             | 12            |
| <b>Total materials and services</b>                                                        | <u>15,422</u> | <u>14,405</u> |
| <b>Note 12 Bad and doubtful debts</b>                                                      |               |               |
| Arts and culture                                                                           | -             | 19            |
| Other debtors                                                                              | 3             | 5             |
| <b>Total bad and doubtful debts</b>                                                        | <u>3</u>      | <u>24</u>     |

|                                                                                                               | 2016<br>\$'000 | 2015<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Note 13 Depreciation and amortisation</b>                                                                  |                |                |
| <b>Property</b>                                                                                               | <b>991</b>     | <b>1,116</b>   |
| Buildings                                                                                                     |                |                |
| Buildings                                                                                                     | 924            | 1,037          |
| Shelters                                                                                                      | 67             | 79             |
| <b>Plant and equipment</b>                                                                                    | <b>1,826</b>   | <b>1,405</b>   |
| Plant, machinery and equipment                                                                                |                |                |
| Fleet                                                                                                         | 410            | 185            |
| Major plant                                                                                                   | 652            | 431            |
| Minor plant                                                                                                   | 24             | 23             |
| Furniture                                                                                                     |                |                |
| Office furniture                                                                                              | 338            | 314            |
| Artwork                                                                                                       | 2              | 2              |
| Playground equipment                                                                                          | 81             | 58             |
| Equipment                                                                                                     |                |                |
| Information technology                                                                                        | 102            | 132            |
| Fixed equipment and fixtures                                                                                  | 136            | 162            |
| Appliances                                                                                                    | 81             | 98             |
| <b>Infrastructure</b>                                                                                         | <b>6,179</b>   | <b>6,195</b>   |
| Roads                                                                                                         |                |                |
| Seal                                                                                                          | 2,181          | 2,154          |
| Pavement                                                                                                      | 2,260          | 2,368          |
| Bridges                                                                                                       |                |                |
| Bridges                                                                                                       | 372            | 349            |
| Major culverts                                                                                                | 55             | 53             |
| Footpaths and cycleways                                                                                       | 399            | 387            |
| Kerb and channel                                                                                              | 393            | 394            |
| Other structures                                                                                              |                |                |
| Playing surfaces                                                                                              | 131            | 139            |
| Gardens and landscaping                                                                                       | 8              | 4              |
| Retaining structures                                                                                          | 65             | 45             |
| Drainage                                                                                                      |                |                |
| Pit and pipe network                                                                                          | 315            | 302            |
| <b>Intangible assets</b>                                                                                      | <b>86</b>      | <b>86</b>      |
| <b>Total depreciation and amortisation</b>                                                                    | <b>9,082</b>   | <b>8,802</b>   |
| <i>Refer to Note 21(a) and Note 22 for a more detailed breakdown of depreciation and amortisation charges</i> |                |                |
| <b>Note 14 Borrowing costs</b>                                                                                |                |                |
| Interest - Borrowings                                                                                         | 323            | 347            |
| <b>Total borrowing costs</b>                                                                                  | <b>323</b>     | <b>347</b>     |
| Council does not capitalise borrowing costs                                                                   |                |                |
| <b>Note 15 Other expenses</b>                                                                                 |                |                |
| Community grants and donations                                                                                | 573            | 589            |
| Councillors' allowances                                                                                       | 245            | 247            |
| Waste management charge                                                                                       | 219            | 144            |
| Landfill rehabilitation provision expense                                                                     | 69             | 200            |
| Auditors' remuneration - VAGO - audit of the financial statements, performance statement & grant acquittals   | 61             | 35             |
| Fire services levy                                                                                            | 58             | 55             |
| Animal registration levy                                                                                      | 20             | 20             |
| Royalties and commissions                                                                                     | 7              | 5              |
| Other                                                                                                         | 5              | 27             |
| <b>Total other expenses</b>                                                                                   | <b>1,257</b>   | <b>1,322</b>   |

| <b>Note 16 Investment in associates, joint ventures and subsidiaries</b>                                                                                                                                                                       | <b>2016</b>   | <b>2015</b>   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>(a) Investments in associates.</b>                                                                                                                                                                                                          | <b>\$'000</b> | <b>\$'000</b> |
| Investments in associates accounted for by the equity method are:                                                                                                                                                                              |               |               |
| - Corangamite Regional Library Corporation                                                                                                                                                                                                     |               |               |
| - Colac Community Library and Learning Centre                                                                                                                                                                                                  |               |               |
| <b>Corangamite Regional Library Corporation</b>                                                                                                                                                                                                |               |               |
| <i>Background</i>                                                                                                                                                                                                                              |               |               |
| The Corangamite Regional Library Corporation is a corporation owned by four (4) councils: Colac Otway Shire, Corangamite Shire, Moyne Shire and Warrambol City. Colac Otway Shire has a 23.74% equity interest in 2015/2016 (2014/2015 23.9%). |               |               |
| <b>Fair value of Council's investment in Corangamite Regional Library Corporation</b>                                                                                                                                                          | <u>307</u>    | <u>274</u>    |
| <b>Council's share of accumulated surplus/(deficit)</b>                                                                                                                                                                                        |               |               |
| Council's share of accumulated surplus/(deficit) at start of year                                                                                                                                                                              | (240)         | (107)         |
| Reported surplus/(deficit) for year                                                                                                                                                                                                            | 33            | 52            |
| Transfers (to) from reserves                                                                                                                                                                                                                   | 18            | (185)         |
| Council's share of accumulated surplus/(deficit) at end of year                                                                                                                                                                                | <u>(189)</u>  | <u>(240)</u>  |
| <b>Council's share of reserves</b>                                                                                                                                                                                                             |               |               |
| Council's share of reserves at start of year                                                                                                                                                                                                   | 514           | 504           |
| Transfers (to) from reserves                                                                                                                                                                                                                   | (18)          | 10            |
| Council's share of reserves at end of year (based on population)                                                                                                                                                                               | <u>496</u>    | <u>514</u>    |
| <b>Movement in carrying value of specific investment</b>                                                                                                                                                                                       |               |               |
| Carrying value of investment at start of year                                                                                                                                                                                                  | 274           | 397           |
| Share of surplus/(deficit) for year                                                                                                                                                                                                            | 33            | 52            |
| Share of asset revaluation                                                                                                                                                                                                                     | -             | (175)         |
| Carrying value of investment at end of year                                                                                                                                                                                                    | <u>307</u>    | <u>274</u>    |
| <b>Significant restrictions</b>                                                                                                                                                                                                                |               |               |
| The associate is not required to repay dividends, loans or advances to Council.                                                                                                                                                                |               |               |

|                |                                                                                                                                                                                                                                                                                                          |               |               |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Note 16</b> | <b>Investment in associates, joint ventures and subsidiaries (cont.)</b>                                                                                                                                                                                                                                 | <b>2016</b>   | <b>2015</b>   |
|                | <b>(b) Investments joint ventures</b>                                                                                                                                                                                                                                                                    | <b>\$'000</b> | <b>\$'000</b> |
|                | <b>Colac Community Library and Learning Centre</b>                                                                                                                                                                                                                                                       |               |               |
|                | <i>Background</i>                                                                                                                                                                                                                                                                                        |               |               |
|                | The Colac Community Library and Learning Centre is a joint venture between the Colac Otway Shire and Victorian Department of Education and Early Childhood Development and the Colac Secondary College, which results in Colac Otway Shire legally owning 50% of the assets.                             |               |               |
|                | The venture's purpose is to construct and operate a joint use library facility.                                                                                                                                                                                                                          |               |               |
|                | Council's commitment to the venture is limited to providing a contribution to the construction and fitout costs.                                                                                                                                                                                         |               |               |
|                | Council's share is 50% of costs (\$3.072 million).                                                                                                                                                                                                                                                       |               |               |
|                | Council accounts for its interests in the joint venture by applying the proportionate consolidation method and by combining Council's share of each of the assets, liabilities, incomes and expenses of the jointly controlled entity with similar items line by line in council's financial statements. |               |               |
|                | <b>Council's share of accumulated surplus/(deficit)</b>                                                                                                                                                                                                                                                  |               |               |
|                | Council is not entitled to a share of any accumulated surplus or deficit.                                                                                                                                                                                                                                |               |               |
|                | <b>Council's share of reserves</b>                                                                                                                                                                                                                                                                       |               |               |
|                | Council is not entitled to a share of any reserves                                                                                                                                                                                                                                                       |               |               |
|                | <b>Movement in carrying value of specific investment</b>                                                                                                                                                                                                                                                 |               |               |
|                | Carrying value of investment at start of year                                                                                                                                                                                                                                                            | 2,700         | 2,736         |
|                | Write back of annual depreciation                                                                                                                                                                                                                                                                        | (36)          | (36)          |
|                | Carrying value of investment at end of year                                                                                                                                                                                                                                                              | <u>2,664</u>  | <u>2,700</u>  |
|                | <b>Council's share of expenditure commitments</b>                                                                                                                                                                                                                                                        |               |               |
|                | Council is not exposed to any further expenditure commitments.                                                                                                                                                                                                                                           |               |               |
|                | <b>Council's share of contingent liabilities and contingent assets</b>                                                                                                                                                                                                                                   |               |               |
|                | There are no known contingencies outstanding as at 30 June 2016.                                                                                                                                                                                                                                         |               |               |
|                | <b>Significant restrictions</b>                                                                                                                                                                                                                                                                          |               |               |
|                | The joint venture is not required to repay dividends, loans or advances to Council.                                                                                                                                                                                                                      |               |               |

|                                                                                                                                                                                                                                                                                                    | 2016          | 2015          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                                                                                                                                                                                    | \$'000        | \$'000        |
| <b>Note 17 Cash and cash equivalents</b>                                                                                                                                                                                                                                                           |               |               |
| Cash on hand                                                                                                                                                                                                                                                                                       | 6             | 5             |
| Cash at bank                                                                                                                                                                                                                                                                                       | 2,985         | 9,547         |
| Term deposits                                                                                                                                                                                                                                                                                      | 11,247        | 6,144         |
|                                                                                                                                                                                                                                                                                                    | <u>14,238</u> | <u>15,696</u> |
| Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:                                                                                                                                                         |               |               |
| - Trust funds and deposits (Note 24)                                                                                                                                                                                                                                                               | 681           | 418           |
| - Statutory reserves (Note 27(b) - Recreational Lands and Home Care Packages)                                                                                                                                                                                                                      | 801           | 102           |
| - Conditional grants unspent (Note 6(e))                                                                                                                                                                                                                                                           | 2,347         | 1,482         |
| - Port Of Apollo Bay reserve cash held (Note 27(b))                                                                                                                                                                                                                                                | 1,420         | 539           |
| - Contingent asset (Note 33)                                                                                                                                                                                                                                                                       | (1,700)       | -             |
| - Grants commission received in advance                                                                                                                                                                                                                                                            | -             | 2,996         |
| Total restricted funds                                                                                                                                                                                                                                                                             | <u>3,549</u>  | <u>5,537</u>  |
| Total unrestricted cash and cash equivalents                                                                                                                                                                                                                                                       | <u>10,689</u> | <u>10,159</u> |
| <b>Intended allocations</b>                                                                                                                                                                                                                                                                        |               |               |
| Although not externally restricted the following amounts have been allocated for specific future purposes by Council:                                                                                                                                                                              |               |               |
| - Other Reserve funds allocated for specific future purposes .                                                                                                                                                                                                                                     | 6,897         | 6,853         |
| - Carried forward capital works committed.                                                                                                                                                                                                                                                         | 3,103         | 2,999         |
| Total funds subject to intended allocations                                                                                                                                                                                                                                                        | <u>10,000</u> | <u>9,852</u>  |
| Refer to Note 27(b) For details of Other reserves.                                                                                                                                                                                                                                                 |               |               |
| <b>Note 18 Trade and other receivables</b>                                                                                                                                                                                                                                                         |               |               |
| <b>(a) Current</b>                                                                                                                                                                                                                                                                                 |               |               |
| Rates debtors                                                                                                                                                                                                                                                                                      | 1,381         | 1,337         |
| Net GST receivable                                                                                                                                                                                                                                                                                 | 338           | 736           |
| Government operating grants                                                                                                                                                                                                                                                                        | 170           | 607           |
| Other debtors                                                                                                                                                                                                                                                                                      | 540           | 417           |
| Special rate assessment                                                                                                                                                                                                                                                                            | 45            | 60            |
| Other infringements                                                                                                                                                                                                                                                                                | 57            | 13            |
| Parking infringement debtors                                                                                                                                                                                                                                                                       | 26            | 6             |
| Provision for doubtful debts - other debtors                                                                                                                                                                                                                                                       | (7)           | (56)          |
| Total current trade and other receivables                                                                                                                                                                                                                                                          | <u>2,550</u>  | <u>3,120</u>  |
| <b>(b) Non-current</b>                                                                                                                                                                                                                                                                             |               |               |
| Special rate scheme                                                                                                                                                                                                                                                                                | -             | -             |
| Loans and advances to community organisations                                                                                                                                                                                                                                                      | -             | -             |
| Total non-current trade and other receivables                                                                                                                                                                                                                                                      | <u>-</u>      | <u>-</u>      |
| <b>Total trade and other receivables</b>                                                                                                                                                                                                                                                           | <u>2,550</u>  | <u>3,120</u>  |
| <b>(c) Ageing of Receivables</b>                                                                                                                                                                                                                                                                   |               |               |
| At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was: |               |               |
| Current (not yet due)                                                                                                                                                                                                                                                                              | 366           | -             |
| Past due by up to 30 days                                                                                                                                                                                                                                                                          | 108           | 238           |
| Past due between 31 and 180 days                                                                                                                                                                                                                                                                   | 66            | 179           |
| Past due between 181 and 365 days                                                                                                                                                                                                                                                                  | -             | -             |
| Past due by more than 1 year                                                                                                                                                                                                                                                                       | -             | -             |
| Total trade & other receivables                                                                                                                                                                                                                                                                    | <u>540</u>    | <u>417</u>    |

| Note 18 Trade and other receivables (cont.)                                                                                                                                                                                                                                                                                                                                                                                                     | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>(d) Movement in provisions for doubtful debts</b>                                                                                                                                                                                                                                                                                                                                                                                            |                |                |
| Balance at the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                            | 56             | 61             |
| New provisions recognised during the year                                                                                                                                                                                                                                                                                                                                                                                                       | 7              | 56             |
| Amounts already provided for and written off as uncollectible                                                                                                                                                                                                                                                                                                                                                                                   | (35)           | (61)           |
| Amounts provided for but recovered during the year                                                                                                                                                                                                                                                                                                                                                                                              | (21)           | -              |
| Balance at end of year                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>7</u>       | <u>56</u>      |
| <b>(e) Ageing of individually impaired Receivables</b>                                                                                                                                                                                                                                                                                                                                                                                          |                |                |
| At balance date, other debtors representing financial assets with a nominal value of \$6,713.45 (2015: \$55,931.52) were impaired. The amount of the provision raised against these debtors was \$6,713.45 (2014: \$55,931.55). The individual debts have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements. |                |                |
| The ageing of receivables that have been individually determined as impaired at reporting date was:                                                                                                                                                                                                                                                                                                                                             |                |                |
| Current (not yet due)                                                                                                                                                                                                                                                                                                                                                                                                                           | -              | -              |
| Past due by up to 30 days                                                                                                                                                                                                                                                                                                                                                                                                                       | -              | -              |
| Past due between 31 and 180 days                                                                                                                                                                                                                                                                                                                                                                                                                | -              | -              |
| Past due between 181 and 365 days                                                                                                                                                                                                                                                                                                                                                                                                               | 7              | 56             |
| Total trade & other receivables                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>7</u>       | <u>56</u>      |
| <b>Note 19 Inventories</b>                                                                                                                                                                                                                                                                                                                                                                                                                      |                |                |
| Inventories held for sale                                                                                                                                                                                                                                                                                                                                                                                                                       | 127            | 130            |
| Inventories held for distribution                                                                                                                                                                                                                                                                                                                                                                                                               | 13             | 17             |
| <b>Total inventories</b>                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>140</u>     | <u>147</u>     |
| <b>Note 20 Other assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                     |                |                |
| Prepayments                                                                                                                                                                                                                                                                                                                                                                                                                                     | 75             | 1              |
| Accrued income                                                                                                                                                                                                                                                                                                                                                                                                                                  | 40             | 19             |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                           | -              | -              |
| <b>Total other assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>115</u>     | <u>20</u>      |



## Note 21(a) Property, infrastructure plant and equipment

| Land and Buildings                                         | Note | Land - specialised | Land - non specialised | Land under roads | Total Land | Buildings - specialised | Buildings - non specialised | Total Buildings | Work In Progress | Total Property |
|------------------------------------------------------------|------|--------------------|------------------------|------------------|------------|-------------------------|-----------------------------|-----------------|------------------|----------------|
| At fair value 1 July 2015                                  |      | 7,114              | 20,752                 | 224              | 28,090     | 35,126                  | 26,039                      | 61,165          | 9,913            | 99,168         |
| Accumulated depreciation at 1 July 2015                    |      | -                  | -                      | -                | -          | (18,109)                | (13,342)                    | (31,451)        | -                | (31,451)       |
|                                                            |      | 7,114              | 20,752                 | 224              | 28,090     | 17,017                  | 12,697                      | 29,714          | 9,913            | 67,717         |
| Prior Period Adjustments Fair Value                        |      | -                  | (3,500)                | -                | (3,500)    | (138)                   | (78)                        | (216)           | -                | (3,717)        |
| Prior Period Adjustments Accumulated Depreciation          |      | -                  | -                      | -                | -          | 103                     | 59                          | 159             | -                | 159            |
| Revised Opening Balance                                    |      | -                  | 17,252                 | 224              | 24,590     | 16,982                  | 12,678                      | 29,657          | 9,913            | 64,160         |
| <b>Movements in fair value</b>                             |      |                    |                        |                  |            |                         |                             |                 |                  |                |
| Acquisition of assets at fair value                        |      | -                  | -                      | -                | -          | 3,146                   | 65                          | 3,211           | 193              | 3,404          |
| Revaluation increments/decrements                          |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Fair value written off on renewal                          |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Fair value of assets disposed                              |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Impairment losses recognised in operating result           |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Transfers                                                  |      | -                  | -                      | -                | -          | 9,891                   | -                           | 9,891           | (9,891)          | -              |
|                                                            |      | -                  | -                      | -                | -          | 13,037                  | 65                          | 13,102          | (9,698)          | 3,404          |
| <b>Movements in accumulated depreciation</b>               |      |                    |                        |                  |            |                         |                             |                 |                  |                |
| Depreciation and amortisation                              |      | -                  | -                      | -                | -          | (565)                   | (427)                       | (992)           | -                | (992)          |
| Accumulated depreciation of disposals                      |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Accumulated depreciation written off on renewal            |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Accumulated depreciation revaluation increments/decrements |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
| Transfers                                                  |      | -                  | -                      | -                | -          | -                       | -                           | -               | -                | -              |
|                                                            |      | -                  | -                      | -                | -          | (565)                   | (427)                       | (992)           | -                | (992)          |
| At fair value 30 June 2016                                 |      | 7,114              | 17,252                 | 224              | 24,590     | 48,025                  | 26,026                      | 74,051          | 215              | 98,856         |
| Accumulated depreciation at 30 June 2016                   |      | -                  | -                      | -                | -          | (18,571)                | (13,710)                    | (32,284)        | -                | (32,284)       |
|                                                            |      | 7,114              | 17,252                 | 224              | 24,590     | 29,454                  | 12,316                      | 41,767          | 215              | 66,572         |

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## Note 21(a) Property, infrastructure, plant and equipment (cont.)

| Plant and Equipment                               | Note | Plant<br>machinery<br>and<br>equipment | Fixtures<br>fittings<br>and<br>furniture | Computers<br>and<br>telecomms | Work In<br>Progress | Total plant<br>and<br>equipment |
|---------------------------------------------------|------|----------------------------------------|------------------------------------------|-------------------------------|---------------------|---------------------------------|
| At fair value 1 July 2015                         |      | 11,330                                 | 9,567                                    | 1,007                         | 3,073               | 24,977                          |
| Accumulated depreciation at 1 July 2015           |      | (5,244)                                | (5,880)                                  | (745)                         | -                   | (11,869)                        |
|                                                   |      | 6,086                                  | 3,687                                    | 262                           | 3,073               | 13,108                          |
| Prior Period Adjustments Fair Value               |      | (1,806)                                | (162)                                    | -                             | (3,037)             | (5,005)                         |
| Prior Period Adjustments Accumulated Depreciation |      | 1,203                                  | 79                                       | -                             | -                   | 1,282                           |
| Revised Opening Balance                           |      | 5,483                                  | 3,604                                    | 262                           | 36                  | 9,385                           |
| <b>Movements in fair value</b>                    |      |                                        |                                          |                               |                     |                                 |
| Acquisition of assets at fair value               |      | 1,275                                  | -                                        | 53                            | 227                 | 1,555                           |
| Revaluation increments/decrements                 |      | -                                      | -                                        | -                             | -                   | -                               |
| Fair value written off on renewal                 |      | -                                      | -                                        | -                             | -                   | -                               |
| Fair value of assets disposed                     |      | (967)                                  | (1)                                      | -                             | -                   | (968)                           |
| Impairment losses recognised in operating result  |      | -                                      | -                                        | -                             | -                   | -                               |
| Transfers                                         |      | -                                      | -                                        | -                             | -                   | -                               |
|                                                   |      | 308                                    | (1)                                      | 53                            | 227                 | 587                             |
| <b>Movements in accumulated depreciation</b>      |      |                                        |                                          |                               |                     |                                 |
| Depreciation and amortisation                     |      | (1,087)                                | (638)                                    | (102)                         | -                   | (1,827)                         |
| Accumulated depreciation of disposals             |      | 867                                    | 1                                        | -                             | -                   | 868                             |
| Accumulated depreciation written off on renewal   |      | -                                      | -                                        | -                             | -                   | -                               |
| Impairment losses recognised in operating result  |      | -                                      | -                                        | -                             | -                   | -                               |
| Transfers                                         |      | -                                      | -                                        | -                             | -                   | -                               |
|                                                   |      | (220)                                  | (637)                                    | (102)                         | -                   | (959)                           |
| At fair value 30 June 2016                        |      | 9,832                                  | 9,404                                    | 1,060                         | 263                 | 20,559                          |
| Accumulated depreciation at 30 June 2016          |      | (4,261)                                | (6,438)                                  | (847)                         | -                   | (11,546)                        |
|                                                   |      | 5,571                                  | 2,966                                    | 213                           | 263                 | 9,013                           |

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## Note 21(a) Property, infrastructure, plant and equipment (cont.)

| Infrastructure                                      | Note | Roads    | Bridges | Footpaths<br>and<br>cycleways | Drainage | Marine<br>Infrastructure | Other<br>Infrastructure | Work In<br>Progress | Total<br>Infrastructure |
|-----------------------------------------------------|------|----------|---------|-------------------------------|----------|--------------------------|-------------------------|---------------------|-------------------------|
| At fair value 1 July 2015                           |      | 207,472  | 20,505  | 19,523                        | 24,769   | 27,570                   | 4,636                   | 1,011               | 305,486                 |
| Accumulated depreciation at 1 July 2015             |      | (61,340) | (6,539) | (8,656)                       | (9,489)  | (9,841)                  | (1,501)                 | -                   | (97,366)                |
|                                                     |      | 146,132  | 13,966  | 10,867                        | 15,280   | 17,729                   | 3,135                   | 1,011               | 208,120                 |
| Prior Period Adjustments Fair Value                 |      | (3,080)  | -       | (146)                         | -        | (27,570)                 | (484)                   | -                   | (31,280)                |
| Prior Period Adjustments Accumulated Depreciation   |      | 2,522    | -       | 41                            | -        | 9,841                    | 353                     | -                   | 12,757                  |
| Revised Opening Balance                             |      | 145,574  | 13,966  | 10,762                        | 15,280   | -                        | 3,004                   | 1,011               | 189,597                 |
| <b>Movements in fair value</b>                      |      |          |         |                               |          |                          |                         |                     |                         |
| Acquisition of assets at fair value                 |      | 4,518    | 808     | 689                           | 245      | -                        | 80                      | 735                 | 7,075                   |
| Gifted Assets                                       |      | -        | -       | -                             | -        | -                        | -                       | -                   | -                       |
| Revaluation increments/decrements                   |      | -        | -       | -                             | 15,647   | -                        | -                       | -                   | 15,647                  |
| Fair value written off on renewal                   |      | -        | -       | -                             | -        | -                        | -                       | -                   | -                       |
| Fair value of assets disposed                       |      | (36)     | -       | (360)                         | -        | -                        | -                       | -                   | (396)                   |
| Impairment losses recognised in operating result    |      | -        | -       | -                             | -        | -                        | -                       | -                   | -                       |
| Transfers                                           |      | 516      | 454     | -                             | 22       | -                        | -                       | (992)               | -                       |
|                                                     |      | 4,998    | 1,262   | 329                           | 15,914   | -                        | 80                      | (257)               | 22,326                  |
| <b>Movements in accumulated depreciation</b>        |      |          |         |                               |          |                          |                         |                     |                         |
| Depreciation and amortisation                       |      | (4,833)  | (427)   | (399)                         | (315)    | -                        | (204)                   | -                   | (6,178)                 |
| Accumulated depreciation of disposals               |      | 19       | -       | 211                           | -        | -                        | -                       | -                   | 230                     |
| Accumulated depreciation written off on revaluation |      | (171)    | -       | -                             | (7,805)  | -                        | -                       | -                   | (7,976)                 |
| Impairment losses recognised in operating result    |      | -        | -       | -                             | -        | -                        | -                       | -                   | -                       |
| Transfers                                           |      | -        | -       | -                             | -        | -                        | -                       | -                   | -                       |
|                                                     |      | (4,985)  | (427)   | (188)                         | (8,120)  | -                        | (204)                   | -                   | (13,923)                |
| At fair value 30 June 2016                          |      | 209,390  | 21,767  | 19,706                        | 40,683   | -                        | 4,232                   | 754                 | 296,532                 |
| Accumulated depreciation at 30 June 2016            |      | (63,803) | (6,966) | (8,803)                       | (17,609) | -                        | (1,352)                 | -                   | (98,536)                |
|                                                     |      | 145,587  | 14,801  | 10,903                        | 23,074   | -                        | 2,880                   | 754                 | 197,996                 |

## Note 21(a) Property, infrastructure, plant and equipment (cont.)

| Summary                                           | Land and<br>Buildings | Plant and<br>Equipment | Infrastructure  | Total           |
|---------------------------------------------------|-----------------------|------------------------|-----------------|-----------------|
| At fair value 1 July 2015                         | 99,168                | 24,977                 | 305,486         | 429,631         |
| Accumulated depreciation at 1 July 2015           | (31,451)              | (11,869)               | (97,366)        | (140,686)       |
| Opening Balance                                   | 67,717                | 13,108                 | 208,120         | 288,945         |
| Prior Period Adjustments Fair Value               | (3,716)               | (5,005)                | (31,280)        | (40,001)        |
| Prior Period Adjustments Accumulated Depreciation | 159                   | 1,282                  | 12,757          | 14,198          |
| Revised Opening Balance                           | 64,160                | 9,385                  | 189,597         | 263,142         |
| <b>Movements in fair value</b>                    |                       |                        |                 |                 |
| Acquisition of assets at fair value               | 3,404                 | 1,555                  | 7,075           | 12,034          |
| Gifted Assets                                     | -                     | -                      | -               | -               |
| Revaluation increments/decrements                 | -                     | -                      | 15,647          | 15,647          |
| Fair value written off on renewal                 | -                     | -                      | -               | -               |
| Fair value of assets disposed                     | -                     | (968)                  | (396)           | (1,364)         |
| Impairment losses recognised in operating result  | -                     | -                      | -               | -               |
| Transfers                                         | -                     | -                      | -               | -               |
|                                                   | <b>3,404</b>          | <b>587</b>             | <b>22,326</b>   | <b>26,317</b>   |
| <b>Movements in accumulated depreciation</b>      |                       |                        |                 |                 |
| Depreciation and amortisation                     | (992)                 | (1,827)                | (6,178)         | (8,997)         |
| Accumulated depreciation of disposals             | -                     | 868                    | 230             | 1,098           |
| Accumulated depreciation written off on renewal   | -                     | -                      | (7,976)         | (7,976)         |
| Impairment losses recognised in operating result  | -                     | -                      | -               | -               |
| Transfers                                         | -                     | -                      | -               | -               |
|                                                   | <b>(992)</b>          | <b>(959)</b>           | <b>(13,924)</b> | <b>(15,875)</b> |
| At fair value 30 June 2016                        | 98,856                | 20,559                 | 296,532         | 415,947         |
| Accumulated depreciation at 30 June 2016          | (32,284)              | (11,546)               | (98,533)        | (142,363)       |
| Closing Balance                                   | <b>66,572</b>         | <b>9,013</b>           | <b>197,999</b>  | <b>273,584</b>  |

**Note 21(b) Property, infrastructure, plant and equipment (cont.)***Valuation of land and buildings*

Valuation of land and buildings were undertaken 2014-2015 by a qualified independent valuer Mr Stephen Davey – Certified Practising Valuer – API Member No. 623379 of Opteon Property. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

|                       | \$'000<br>Level 1 | \$'000<br>Level 2 | \$'000<br>Level 3 |
|-----------------------|-------------------|-------------------|-------------------|
| Land                  | -                 | 20,752            | -                 |
| Specialised Land      | -                 | -                 | 7,338             |
| Buildings             | -                 | 12,336            | -                 |
| Specialised Buildings | -                 | -                 | 29,489            |
| Work In Progress      | -                 | -                 | 215               |
| <b>Total</b>          | <b>-</b>          | <b>33,088</b>     | <b>37,042</b>     |

*Valuation of infrastructure*

Valuation of infrastructure assets has been determined in accordance with an internal valuation undertaken by Adam Lehmann (BEng).

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2016 are as follows:

|                         | Level 1  | Level 2  | Level 3        |
|-------------------------|----------|----------|----------------|
| Roads                   | -        | -        | 146,145        |
| Bridges                 | -        | -        | 14,800         |
| Footpaths and cycleways | -        | -        | 11,007         |
| Drainage                | -        | -        | 23,073         |
| Marine Infrastructure   | -        | -        | 17,705         |
| Other Infrastructure    | -        | -        | 3,011          |
| Works In Progress       | -        | -        | 754            |
|                         | <b>-</b> | <b>-</b> | <b>216,495</b> |



**Note 21(b) Property, infrastructure, plant and equipment (cont.)**

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$270 per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$2,250 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

|                                                | 2016            | 2015         |
|------------------------------------------------|-----------------|--------------|
|                                                | \$'000          | \$'000       |
| <b>Reconciliation of specialised land</b>      |                 |              |
| Land under roads                               | 224             | 224          |
| Parks and reserves                             | 7,114           | 7,114        |
| <b>Total specialised land</b>                  | <u>7,338</u>    | <u>7,338</u> |
| <b>Prior Period Adjustment</b>                 |                 |              |
|                                                | 2015            |              |
|                                                | \$'000          |              |
| <b>Equity</b>                                  |                 |              |
| Accumulated Surplus - Port of Apollo Bay       | (18,378)        |              |
| Asset Revaluation Reserve - Port of Apollo Bay | (8,967)         |              |
|                                                | <u>(27,345)</u> |              |
| <b>Expenses</b>                                |                 |              |
| Depreciation and amortisation                  | 686             |              |
|                                                | <u>686</u>      |              |
| <b>Assets</b>                                  |                 |              |
| Land & Buildings                               | 3,558           |              |
| Property, Plant & Equipment                    | 3,723           |              |
| Infrastructure Assets                          | 18,523          |              |
|                                                | <u>25,804</u>   |              |
| <b>Liabilities</b>                             |                 |              |
| Trade & Other Payables                         | 855             |              |
|                                                | <u>855</u>      |              |

We have removed the Port of Apollo Bay net assets from the Colac Otway Shire financial statements in the 2015-16 year as we have identified these have been incorrectly included in previous years. The basis of this was an assertion of control over the assets which upon further review of the arrangement with the Department of Transport was determined these do not meet a definition of control. Accordingly we have backed out the underlying assets and associated accounts.



|                                                                                                                                                                                                                                                                                                                                                                                        | 2016<br>\$'000             | 2015<br>\$'000          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------|
| <b>Note 22 Intangible assets</b>                                                                                                                                                                                                                                                                                                                                                       |                            |                         |
| Software                                                                                                                                                                                                                                                                                                                                                                               | 46                         | 132                     |
| Total intangible assets                                                                                                                                                                                                                                                                                                                                                                | <u>46</u>                  | <u>132</u>              |
|                                                                                                                                                                                                                                                                                                                                                                                        | <b>Software<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>Gross carrying amount</b>                                                                                                                                                                                                                                                                                                                                                           |                            |                         |
| Balance at 1 July 2014                                                                                                                                                                                                                                                                                                                                                                 | 621                        | 621                     |
| Additions from internal developments                                                                                                                                                                                                                                                                                                                                                   | 14                         | 14                      |
| Balance at 1 July 2015                                                                                                                                                                                                                                                                                                                                                                 | 635                        | 635                     |
| Additions from internal developments                                                                                                                                                                                                                                                                                                                                                   | -                          | -                       |
| Balance at 30 June 2016                                                                                                                                                                                                                                                                                                                                                                | <u>635</u>                 | <u>635</u>              |
| <b>Accumulated amortisation and impairment</b>                                                                                                                                                                                                                                                                                                                                         |                            |                         |
| Balance at 1 July 2014                                                                                                                                                                                                                                                                                                                                                                 | 417                        | 417                     |
| Amortisation expense                                                                                                                                                                                                                                                                                                                                                                   | 86                         | 86                      |
| Balance at 1 July 2015                                                                                                                                                                                                                                                                                                                                                                 | 503                        | 503                     |
| Amortisation expense                                                                                                                                                                                                                                                                                                                                                                   | 86                         | 86                      |
| Balance at 30 June 2016                                                                                                                                                                                                                                                                                                                                                                | <u>589</u>                 | <u>589</u>              |
| Net book value at 30 June 2015                                                                                                                                                                                                                                                                                                                                                         | 132                        | 132                     |
| Net book value at 30 June 2016                                                                                                                                                                                                                                                                                                                                                         | <u>46</u>                  | <u>46</u>               |
|                                                                                                                                                                                                                                                                                                                                                                                        | <b>2016<br/>\$'000</b>     | <b>2015<br/>\$'000</b>  |
| <b>Note 23 Trade and other payables</b>                                                                                                                                                                                                                                                                                                                                                |                            |                         |
| Trade payables                                                                                                                                                                                                                                                                                                                                                                         | 2,220                      | 3,165                   |
| Accrued expenses                                                                                                                                                                                                                                                                                                                                                                       | 561                        | 526                     |
| <b>Total trade and other payables</b>                                                                                                                                                                                                                                                                                                                                                  | <u>2,781</u>               | <u>3,691</u>            |
| <b>Note 24 Trust funds and deposits</b>                                                                                                                                                                                                                                                                                                                                                |                            |                         |
| <b>(a) Balances</b>                                                                                                                                                                                                                                                                                                                                                                    |                            |                         |
| Refundable deposits                                                                                                                                                                                                                                                                                                                                                                    | 220                        | 229                     |
| Fire services levy                                                                                                                                                                                                                                                                                                                                                                     | 288                        | 127                     |
| Retention amounts                                                                                                                                                                                                                                                                                                                                                                      | 173                        | 63                      |
| Other refundable deposits                                                                                                                                                                                                                                                                                                                                                              | -                          | -                       |
| <b>Total trust funds and deposits</b>                                                                                                                                                                                                                                                                                                                                                  | <u>681</u>                 | <u>419</u>              |
| <i>Purpose and nature of items</i>                                                                                                                                                                                                                                                                                                                                                     |                            |                         |
| Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities                                                                                                                                                                      |                            |                         |
| Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.                                                                                                                         |                            |                         |
| Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations. |                            |                         |
| <b>(b) Movements</b>                                                                                                                                                                                                                                                                                                                                                                   |                            |                         |
| Opening Balance                                                                                                                                                                                                                                                                                                                                                                        | 419                        | 248                     |
| Trust funds and deposits taken                                                                                                                                                                                                                                                                                                                                                         | 338                        | 210                     |
| Trust funds and deposits repaid                                                                                                                                                                                                                                                                                                                                                        | (76)                       | (39)                    |
| <b>Closing Balance</b>                                                                                                                                                                                                                                                                                                                                                                 | <u>681</u>                 | <u>419</u>              |

Colac Otway Shire  
2015/16 Financial ReportNotes to the Financial Report  
For the Year Ended 30 June 2016

## Note 25 Provisions

|                                                                                                             | Annual leave | Long service leave | Time in lieu leave | Landfill restoration | Total         |
|-------------------------------------------------------------------------------------------------------------|--------------|--------------------|--------------------|----------------------|---------------|
|                                                                                                             | \$'000       | \$'000             | \$'000             | \$'000               | \$'000        |
| <b>2016</b>                                                                                                 |              |                    |                    |                      |               |
| Balance at beginning of the financial year                                                                  | 1,311        | 3,220              | 58                 | 4,119                | 8,708         |
| Additional provisions                                                                                       | 1,376        | 440                | 19                 | -                    | 1,835         |
| Amounts used                                                                                                | (1,309)      | (358)              | -                  | -                    | (1,667)       |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | 1            | 13                 | -                  | 69                   | 83            |
| Balance at the end of the financial year                                                                    | <u>1,379</u> | <u>3,315</u>       | <u>77</u>          | <u>4,188</u>         | <u>8,960</u>  |
| <b>2015</b>                                                                                                 |              |                    |                    |                      |               |
| Balance at beginning of the financial year                                                                  | 1,231        | 3,038              | 62                 | 3,920                | 8,251         |
| Additional provisions                                                                                       | 1,304        | 505                | -                  | 199                  | 2,008         |
| Amounts used                                                                                                | (1,223)      | (303)              | (4)                | -                    | (1,530)       |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | (1)          | (20)               | -                  | -                    | (21)          |
| Balance at the end of the financial year                                                                    | <u>1,311</u> | <u>3,220</u>       | <u>58</u>          | <u>4,119</u>         | <u>8,708</u>  |
| <b>(a) Employee provisions</b>                                                                              |              |                    |                    | <b>2016</b>          | <b>2015</b>   |
| <b>Current provisions expected to be wholly settled within 12 months</b>                                    |              |                    |                    | <b>\$'000</b>        | <b>\$'000</b> |
| Annual leave                                                                                                |              |                    |                    | 1,173                | 1,135         |
| Long service leave                                                                                          |              |                    |                    | 159                  | 141           |
| Time in lieu leave                                                                                          |              |                    |                    | 77                   | 58            |
|                                                                                                             |              |                    |                    | <u>1,409</u>         | <u>1,334</u>  |
| <b>Current provisions expected to be wholly settled after 12 months</b>                                     |              |                    |                    |                      |               |
| Annual leave                                                                                                |              |                    |                    | 206                  | 176           |
| Long service leave                                                                                          |              |                    |                    | 2,916                | 2,827         |
|                                                                                                             |              |                    |                    | <u>3,122</u>         | <u>3,003</u>  |
| Total current provisions                                                                                    |              |                    |                    | <u>4,531</u>         | <u>4,337</u>  |
| <b>Non-current</b>                                                                                          |              |                    |                    |                      |               |
| Long service leave                                                                                          |              |                    |                    | 240                  | 251           |
| Annual leave                                                                                                |              |                    |                    | -                    | -             |
| <b>Total non-current provisions</b>                                                                         |              |                    |                    | <u>240</u>           | <u>251</u>    |
| Aggregate carrying amount of employee provisions:                                                           |              |                    |                    |                      |               |
| Current                                                                                                     |              |                    |                    | 4,531                | 4,337         |
| Non-current                                                                                                 |              |                    |                    | 240                  | 251           |
| Total aggregate carrying amount of employee provisions                                                      |              |                    |                    | <u>4,771</u>         | <u>4,588</u>  |
| <b>(b) Land fill restoration</b>                                                                            |              |                    |                    |                      |               |
| Current                                                                                                     |              |                    |                    | -                    | 212           |
| Non-current                                                                                                 |              |                    |                    | 4,189                | 3,909         |
|                                                                                                             |              |                    |                    | <u>4,189</u>         | <u>4,121</u>  |
| <b>Total Provisions</b>                                                                                     |              |                    |                    |                      |               |
| Current                                                                                                     |              |                    |                    | 4,531                | 4,549         |
| Non Current                                                                                                 |              |                    |                    | 4,429                | 4,160         |
|                                                                                                             |              |                    |                    | <u>8,960</u>         | <u>8,709</u>  |

| Note 26 Interest-bearing loans and borrowings                           | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------------------------------------------------|----------------|----------------|
| (a) <b>Current</b>                                                      |                |                |
| Bank overdraft                                                          | -              | -              |
| Borrowings - secured                                                    | 636            | 591            |
|                                                                         | <u>636</u>     | <u>591</u>     |
| (b) <b>Non-current</b>                                                  |                |                |
| Borrowings - secured                                                    | 4,137          | 4,773          |
| <b>Total</b>                                                            | <u>4,773</u>   | <u>5,364</u>   |
| (c) The maturity profile for Council's borrowings is:                   |                |                |
| Not later than one year                                                 | 636            | 591            |
| Later than one year and not later than five years                       | 3,399          | 3,735          |
| Later than five years                                                   | 738            | 1,038          |
|                                                                         | <u>4,773</u>   | <u>5,364</u>   |
| (d) Aggregate carrying amount of interest-bearing loans and borrowings: |                |                |
| Current                                                                 | 636            | 591            |
| Non-current                                                             | 4,137          | 4,773          |
|                                                                         | <u>4,773</u>   | <u>5,364</u>   |
| (e) Interest bearing loans and borrowing movements                      |                |                |
| Opening Interest-bearing loans and borrowings                           | 5,365          | 4,917          |
| New loans taken up during year                                          | -              | 1,000          |
| Repayment of loan principal                                             | (592)          | (553)          |
| Closing Interest-bearing loans and borrowings                           | <u>4,773</u>   | <u>5,364</u>   |

Secured borrowings are secured against the future rate revenue of Council. All borrowings are made on a commercial basis with Australian financial institutions.

## Note 27 Reserves

|                                         | Balance at beginning of reporting period | Asset revaluation increment | Asset revaluation (decrement) | Balance at end of reporting period |
|-----------------------------------------|------------------------------------------|-----------------------------|-------------------------------|------------------------------------|
|                                         | \$'000                                   | \$'000                      | \$'000                        | \$'000                             |
| (a) Asset revaluation reserves          |                                          |                             |                               |                                    |
| <b>2016</b>                             |                                          |                             |                               |                                    |
| <b>Property</b>                         |                                          |                             |                               |                                    |
| Land                                    | 15,224                                   | -                           | -                             | 15,224                             |
| Buildings                               | 7,704                                    | -                           | -                             | 7,704                              |
| Shelter                                 | 1,078                                    | -                           | -                             | 1,078                              |
| Land improvements                       | 552                                      | -                           | -                             | 552                                |
| Share of CRLC asset revaluation reserve | 450                                      | -                           | (450)                         | -                                  |
|                                         | <b>25,008</b>                            | <b>-</b>                    | <b>(450)</b>                  | <b>24,558</b>                      |
| <b>Plant and Equipment</b>              |                                          |                             |                               |                                    |
| Fixed plant, furniture and equipment    | 293                                      | -                           | -                             | 293                                |
|                                         | <b>293</b>                               | <b>-</b>                    | <b>-</b>                      | <b>293</b>                         |
| <b>Infrastructure</b>                   |                                          |                             |                               |                                    |
| Roads                                   | 88,692                                   | -                           | (171)                         | 88,521                             |
| Bridges                                 | 9,270                                    | -                           | -                             | 9,270                              |
| Footpaths and cycleways                 | 3,449                                    | -                           | -                             | 3,449                              |
| Kerb and channelling                    | 8,504                                    | -                           | -                             | 8,504                              |
| Drainage                                | 6,500                                    | 7,841                       | -                             | 14,341                             |
|                                         | <b>116,415</b>                           | <b>7,841</b>                | <b>(171)</b>                  | <b>124,085</b>                     |
| <b>Total asset revaluation reserves</b> | <b>141,716</b>                           | <b>7,841</b>                | <b>(621)</b>                  | <b>148,936</b>                     |
| <b>2015</b>                             |                                          |                             |                               |                                    |
| <b>Property</b>                         |                                          |                             |                               |                                    |
| Land                                    | 15,224                                   | -                           | -                             | 15,224                             |
| Buildings                               | 7,704                                    | -                           | -                             | 7,704                              |
| Shelter                                 | 1,078                                    | -                           | -                             | 1,078                              |
| Land improvements                       | 552                                      | -                           | -                             | 552                                |
| Share of CRLC asset revaluation reserve | 450                                      | -                           | -                             | 450                                |
|                                         | <b>25,008</b>                            | <b>-</b>                    | <b>-</b>                      | <b>25,008</b>                      |
| <b>Plant and Equipment</b>              |                                          |                             |                               |                                    |
| Fixed plant, furniture and equipment    | 293                                      | -                           | -                             | 293                                |
|                                         | <b>293</b>                               | <b>-</b>                    | <b>-</b>                      | <b>293</b>                         |
| <b>Infrastructure</b>                   |                                          |                             |                               |                                    |
| Roads                                   | 88,692                                   | -                           | -                             | 88,692                             |
| Bridges                                 | 9,008                                    | 262                         | -                             | 9,270                              |
| Footpaths and cycleways                 | 3,449                                    | -                           | -                             | 3,449                              |
| Kerb and channelling                    | 8,504                                    | -                           | -                             | 8,504                              |
| Drainage                                | 6,500                                    | -                           | -                             | 6,500                              |
|                                         | <b>116,153</b>                           | <b>262</b>                  | <b>-</b>                      | <b>116,415</b>                     |
| <b>Total asset revaluation reserves</b> | <b>141,454</b>                           | <b>262</b>                  | <b>-</b>                      | <b>141,716</b>                     |

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

## Note 27 Reserves (cont.)

|                                 | Balance at<br>beginning of<br>reporting period | Transfers to other<br>reserves | Transfers from<br>other reserves | Balance at end of<br>reporting period |
|---------------------------------|------------------------------------------------|--------------------------------|----------------------------------|---------------------------------------|
|                                 | \$'000                                         | \$'000                         | \$'000                           | \$'000                                |
| <b>(b) Other reserves</b>       |                                                |                                |                                  |                                       |
| <b>2016</b>                     |                                                |                                |                                  |                                       |
| Carried Forward Projects        | 1,375                                          | 1,949                          | (1,375)                          | 1,949                                 |
| Port of Apollo Bay              | 539                                            | 1,101                          | (220)                            | 1,420                                 |
| Kerbside bin replacement        | 1,166                                          | 136                            | (3)                              | 1,299                                 |
| Long Service Leave reserve      | 1,865                                          | 1,012                          | (358)                            | 2,519                                 |
| Landfill rehabilitation (Alvie) | 695                                            | 57                             | -                                | 752                                   |
| Recreational lands              | 669                                            | 84                             | -                                | 753                                   |
| Colac livestock selling centre  | 359                                            | 689                            | (693)                            | 355                                   |
| Rehabilitation reserve          | 160                                            | 200                            | -                                | 360                                   |
| Plant replacement               | 686                                            | 3,707                          | (2,803)                          | 1,590                                 |
| Home Care Packages              | -                                              | 48                             | -                                | 48                                    |
| Tirrengower Drainage Scheme     | 7                                              | 22                             | (7)                              | 22                                    |
| Scholarship Reserve             | 1                                              | -                              | (1)                              | -                                     |
| <b>Total Other reserves</b>     | <b>7,522</b>                                   | <b>9,005</b>                   | <b>(5,460)</b>                   | <b>11,067</b>                         |
| <b>2015</b>                     |                                                |                                |                                  |                                       |
| Carried Forward Projects        | 6,010                                          | 1,375                          | (6,010)                          | 1,375                                 |
| Port of Apollo Bay              | 1,609                                          | -                              | (1,070)                          | 539                                   |
| Kerbside bin replacement        | 1,313                                          | 231                            | (378)                            | 1,166                                 |
| Long Service Leave reserve      | 1,292                                          | 875                            | (303)                            | 1,865                                 |
| Landfill rehabilitation (Alvie) | 638                                            | 57                             | -                                | 695                                   |
| Recreational lands              | 598                                            | 102                            | (30)                             | 669                                   |
| Colac livestock selling centre  | 264                                            | 752                            | (657)                            | 359                                   |
| Rehabilitation reserve          | 160                                            | -                              | -                                | 160                                   |
| Plant replacement               | 103                                            | 3,323                          | (2,740)                          | 686                                   |
| Car parking                     | 78                                             | -                              | (78)                             | -                                     |
| Tirrengower Drainage Scheme     | 21                                             | 22                             | (36)                             | 7                                     |
| Scholarship reserve             | -                                              | 1                              | -                                | 1                                     |
| <b>Total Other reserves</b>     | <b>12,086</b>                                  | <b>6,738</b>                   | <b>(11,302)</b>                  | <b>7,522</b>                          |
| <b>(c) Total Reserves</b>       |                                                |                                |                                  |                                       |
|                                 |                                                | <b>2016</b>                    | <b>2015</b>                      |                                       |
| Asset Revaluation Reserve       |                                                | \$'000                         | \$'000                           |                                       |
|                                 |                                                | 148,936                        | 141,716                          |                                       |
| Other Reserves                  |                                                | 11,067                         | 7,522                            |                                       |
|                                 |                                                | <b>160,003</b>                 | <b>149,238</b>                   |                                       |

**Note 27 Reserves (cont.)****Purposes for Reserves****Carried forward projects reserve**

This reserve is to recognise the funds allocated and received in prior financial periods that are committed to unfinished projects. This includes grants received in advance for specific projects and funds allocated from prior financial years for projects that are still incomplete at the end of the current financial year.

**Port of Apollo Bay reserve**

These funds are bound by an agreement with the Department of Transport concerning the operations of the Port of Apollo Bay and are the value of cash assets owed.

**Kerbside bin replacement reserve**

This reserve was set up as a source of funding the replacement of kerbside bins. All funds in this reserve are collected from the waste collection service charge and are to be used only in connection with the waste collection service.

**Long Service Leave reserve**

The purpose of this reserve is to ensure that the nominal long service leave balances owing to employees are maintained.

**Landfill rehabilitation (Alvie) reserve**

This reserve relates to the funds required to restore the Alvie Tip. The rehabilitation and will continue to grow until the Tip closes, at which time, the funds will be utilised to meet this obligation.

**Recreational lands reserve**

Statutory reserve to be used for the development of recreational reserves and public open space.

**Colac livestock selling centre reserve**

This reserve is for the purpose of funding works at the Colac Livestock Selling Centre and all funds are derived from any surplus made from the operations of the Colac Livestock Selling Centre.

**Rehabilitation reserve**

This reserve is to fund the rehabilitation of the various waste disposal sites across the Colac Otway Shire.

**Plant replacement reserve**

This reserve is to fund the replacement of council's plant at the end of their useful lives. Inflows to the reserve accrue out of any plant operating surplus with the funds then being used for the changeover of plant.

**Home Care Packages**

This reserve reflects the balance owed to clients at the end of the financial year for consumer directed care packages received from Federal Government funding.

**Car parking reserve**

Statutory reserve to be used for the development of car parking.

**Tirrengower Drainage Scheme reserve**

These funds are collected via a special rate and must be expended against the purpose of the drainage scheme at Tirrengower.

**Scholarship reserve**

This reserve holds any unspent funds received by Council on behalf of the annual Bamard Trust distribution.



|                                                                                            | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)</b> |                |                |
| Surplus/(deficit) for the year                                                             | 1,761          | 12,140         |
| Depreciation/amortisation                                                                  | 9,084          | 8,804          |
| Net GST receipts and payments from financing and investment activities                     | 398            | 1,656          |
| Finance costs                                                                              | 323            | 347            |
| Share of result of associate                                                               | (33)           | 123            |
| Profit/(loss) on disposal of property, infrastructure, plant and equipment                 | (292)          | 4              |
| Contributions - non monetary assets                                                        | -              | (520)          |
| <b>Change in assets and liabilities:</b>                                                   | -              |                |
| (Increase)/decrease in trade and other receivables                                         | 14             | (1,164)        |
| Decrease in prepayments                                                                    | (75)           | 87             |
| Increase/(decrease) in accrued income                                                      | (22)           | (1)            |
| Increase/(decrease) in trade and other payables                                            | (751)          | (516)          |
| (Decrease)/increase in other liabilities                                                   | 263            | 44             |
| (Increase)/decrease in inventories                                                         | 7              | 35             |
| (Increase)/decrease in reserves                                                            | 453            | -              |
| (Increase)/decrease in provisions                                                          | 252            | 459            |
| Net cash provided by/(used in) operating activities                                        | <u>11,382</u>  | <u>21,498</u>  |
| <b>Note 29 Financing arrangements</b>                                                      |                |                |
| Bank overdraft                                                                             | 1,000          | 1,000          |
| Credit cards                                                                               | 50             | 50             |
| Unused facilities                                                                          | <u>1,050</u>   | <u>1,050</u>   |
| Borrowings                                                                                 | 4,773          | 5,363          |
| Used Facilities                                                                            | <u>4,773</u>   | <u>5,363</u>   |

**Note 30 Commitments**

The Council has entered into the following commitments

|                                          | Not later than 1<br>year | Later than 1 year<br>and not later<br>than 2 years | Later than 2<br>years and not<br>later than 5 years | Later than 5<br>years | Total         |
|------------------------------------------|--------------------------|----------------------------------------------------|-----------------------------------------------------|-----------------------|---------------|
|                                          | \$'000                   | \$'000                                             | \$'000                                              | \$'000                | \$'000        |
| <b>2016</b>                              |                          |                                                    |                                                     |                       |               |
| <b>Operating</b>                         |                          |                                                    |                                                     |                       |               |
| Salaries                                 | 1,810                    | 1,841                                              | 1,874                                               | -                     | 5,525         |
| Consultancies                            | 260                      | 252                                                | 38                                                  | -                     | 550           |
| Garbage collection                       | 2,351                    | 2,391                                              | 4,184                                               | -                     | 8,926         |
| Street Lighting                          | 67                       | 67                                                 | -                                                   | -                     | 134           |
| Information Technology                   | 140                      | 108                                                | 108                                                 | -                     | 356           |
| Inspection and maintenance               | 55                       | -                                                  | -                                                   | -                     | 55            |
| Cleaning contracts for council buildings | 363                      | -                                                  | -                                                   | -                     | 363           |
| Council election                         | 157                      | -                                                  | -                                                   | -                     | 157           |
| <b>Total</b>                             | <b>5,203</b>             | <b>4,659</b>                                       | <b>6,204</b>                                        | <b>-</b>              | <b>16,066</b> |
| <b>Capital</b>                           |                          |                                                    |                                                     |                       |               |
| Buildings                                | 2,719                    | -                                                  | -                                                   | -                     | 2,719         |
| Plant and Equipment                      | 46                       | 7                                                  | -                                                   | -                     | 53            |
| Civil Works                              | 331                      | -                                                  | -                                                   | -                     | 331           |
| <b>Total</b>                             | <b>3,096</b>             | <b>7</b>                                           | <b>-</b>                                            | <b>-</b>              | <b>3,103</b>  |

|                                          | Not later than 1<br>year | Later than 1 year<br>and not later<br>than 2 years | Later than 2<br>years and not<br>later than 5 years | Later than 5<br>years | Total         |
|------------------------------------------|--------------------------|----------------------------------------------------|-----------------------------------------------------|-----------------------|---------------|
|                                          | \$'000                   | \$'000                                             | \$'000                                              | \$'000                | \$'000        |
| <b>2015</b>                              |                          |                                                    |                                                     |                       |               |
| <b>Operating</b>                         |                          |                                                    |                                                     |                       |               |
| Recycling                                | -                        | -                                                  | -                                                   | -                     | -             |
| Salaries                                 | 942                      | 878                                                | 878                                                 | -                     | 2,698         |
| Consultancies                            | 424                      | 46                                                 | 15                                                  | -                     | 485           |
| Garbage collection                       | 2,191                    | 2,183                                              | 4,366                                               | 378                   | 9,118         |
| Street Lighting                          | 130                      | 11                                                 | -                                                   | -                     | 141           |
| Information Technology                   | 99                       | 99                                                 | 198                                                 | -                     | 396           |
| Inspection and maintenance               | 55                       | 20                                                 | -                                                   | -                     | 75            |
| Cleaning contracts for council buildings | 372                      | -                                                  | -                                                   | -                     | 372           |
| Meals for delivery                       | -                        | -                                                  | -                                                   | -                     | -             |
| <b>Total</b>                             | <b>4,213</b>             | <b>3,237</b>                                       | <b>5,457</b>                                        | <b>378</b>            | <b>13,285</b> |
| <b>Capital</b>                           |                          |                                                    |                                                     |                       |               |
| Buildings                                | 1,501                    | -                                                  | -                                                   | -                     | 1,501         |
| Plant and Equipment                      | 181                      | -                                                  | -                                                   | -                     | 181           |
| Civil Works                              | 62                       | -                                                  | -                                                   | -                     | 62            |
| <b>Total</b>                             | <b>1,744</b>             | <b>-</b>                                           | <b>-</b>                                            | <b>-</b>              | <b>1,744</b>  |

|                                                                                        | 2016<br>\$'000 | 2015<br>\$'000 |
|----------------------------------------------------------------------------------------|----------------|----------------|
| <b>Note 31 Operating leases</b>                                                        |                |                |
| <b>Operating lease commitments</b>                                                     |                |                |
| At the reporting date, the Council had the following obligations under non-cancellable |                |                |
| Not later than one year                                                                | 156            | 156            |
| Later than one year and not later than five years                                      | 162            | 163            |
| Later than five years                                                                  | -              | -              |
|                                                                                        | 318            | 319            |

**Note 32 Superannuation**

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

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016, this was 9.5% required under Superannuation Guarantee legislation (for 30 June 2015, this was 9.5%).

**Defined Benefit**

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

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

**Funding arrangements**

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa  
Salary information 4.25% pa  
Price inflation (CPI) 2.5% pa.

The latest VBI advised by Vision Super was 102.0% as at 30 June 2016 (subject to finalisation of the Fund Actuary 2016 report). The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

**Note 32 Superannuation (cont.)****Employer contributions****Regular contributions**

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

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

**Funding calls**

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

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

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

**2015 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

\* A VBI surplus of \$130.8 million; and

\* A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

**Future superannuation contributions**

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$170,543.

**Note 33 Contingent liabilities and contingent assets****(a) Superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

**(b) Guarantees for loans to other entities**

Council has not guaranteed any loans to other entities.

**(c) Contingent assets**

As at 30 June 2016, there were substantial claims outstanding for Bushfire recovery (\$1.7m as detailed in notes 10(a) & 11) from the Department of Treasury & Finance. As those claims at balance date had not been approved (although are expected to be fully recovered) we have not brought a Debtor into account.

**Note 34 Financial Instruments****(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

**(b) Market risk**

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

**Interest rate risk**

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

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

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

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

**(c) Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 33.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.



**Note 34 Financial Instruments (cont.)****(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or insufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 33(b), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

**e) Fair value**

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

*Fair value hierarchy*

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

**(f) Sensitivity disclosure analysis**

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

- A parallel shift of + 1.0% and -1.0% in market interest rates (AUD) from year-end rates of 2.15%.

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



**Note 35 Related party transactions****(i) Responsible Persons**

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

|                    |                                   |
|--------------------|-----------------------------------|
| <b>Councillors</b> | Councillor Frank Buchanan (Mayor) |
|                    | Councillor Lyn Russell            |
|                    | Councillor Brian Crook            |
|                    | Councillor Michael Delahunty      |
|                    | Councillor Stephen Hart           |
|                    | Councillor Chris Smith            |
|                    | Councillor Terry Woodcroft        |

**Chief Executive Officer** Ms Sue Wilkinson

**(ii) Remuneration of Responsible Persons**

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

|                                                                                         | 2016<br>No.          | 2015<br>No.          |
|-----------------------------------------------------------------------------------------|----------------------|----------------------|
| \$1 - \$9,999                                                                           | -                    | 1                    |
| \$20,000 - \$29,999                                                                     | 5                    | 4                    |
| \$30,000 - \$39,999                                                                     | 1                    | 2                    |
| \$50,000 - \$59,999                                                                     | -                    | 1                    |
| \$60,000 - \$69,999                                                                     | -                    | 1                    |
| \$70,000 - \$79,999                                                                     | 1                    | -                    |
| \$190,000 - \$199,999                                                                   | -                    | 1                    |
| \$240,000 - \$249,999                                                                   | 1                    | -                    |
|                                                                                         | <u>8</u>             | <u>10</u>            |
| Total Remuneration for the reporting year for Responsible Persons included amounted to: | <b>\$'000</b><br>486 | <b>\$'000</b><br>486 |

**(iii) Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council

- a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$139,000

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

|                       | 2016<br>No. | 2015<br>No. |
|-----------------------|-------------|-------------|
| Income Range:         |             |             |
| \$60,000 - \$69,999   | -           | 1           |
| \$80,000 - \$89,999   | 1           | -           |
| \$130,000 - \$139,999 | 1           | 6           |
| \$140,000 - \$149,999 | 7           | -           |
| \$150,000 - \$159,999 | 2           | -           |
| \$160,000 - \$169,999 | 1           | 1           |
| \$170,000 - \$179,999 | 1           | 1           |
| \$190,000 - \$199,999 | -           | 1           |
|                       | <u>13</u>   | <u>10</u>   |

\*NB The increase in the number of Senior officers in the above table is a result of:

- (a) Existing Senior officer leaving and new officer commencing employment resulting in these positions counted twice in the above table;  
(b) Additional position included above for Bushfire recovery, this is a fully funded position  
(c) An existing officer whose salary crossed the threshold during 2015/16

|                                                                                           |                        |                        |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|
| Total Remuneration for the reporting year for Senior Officers included above amounted to: | <b>\$'000</b><br>1,861 | <b>\$'000</b><br>1,407 |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|

**(iv) Responsible persons retirement benefits**

The aggregate amount paid during the reporting period by Council in connection with the retirement of responsible persons was \$nil

**Note 35 Related party transactions (cont.)**

(v) **Loans to responsible persons**

No loans have been made, guaranteed, or secured, by Council to a Responsible person during the reporting year

(vi) **Transactions with responsible persons**

Payments were made to the spouse of a Councillor during the reporting year for wages earned as a Community Care worker, which amounted to \$28,408 (2014-2015 \$24,235 as a Family Day Care Worker). These payments were made under arms-length business terms.

**Note 36 Events occurring after balance date**

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

**Certification of the Financial Statements**

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



Mr Daniel Fogarty B.Com, MAppFin, CA  
Principal Accounting Officer

Date: 19 September 2016  
Colac

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2016 and the financial position of Council as at that date.

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

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



Cr. Terry Woodcroft  
Councillor

Date: 19 September 2016  
Colac



Cr. Stephen Hart  
Councillor

Date: 19 September 2016  
Colac



Ms Sue Wilkinson  
Chief Executive Officer

Date: 19 September 2016  
Colac



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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Colac-Otway Shire Council

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Colac-Otway Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of capital works, statement of cash flows, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements.

#### *The Councillors' Responsibility for the Financial Report*

The Councillors of the Colac-Otway Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Auditing in the Public Interest*

## Independent Auditor's Report (continued)


### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

### *Opinion*

In my opinion the financial report presents fairly, in all material respects, the financial position of the Colac-Otway Shire Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE  
23 September 2016

  
Andrew Greaves  
Auditor-General

## Performance Statement

For the year ended 30 June 2016

### Description of the municipality

Colac Otway Shire Council is situated about 160 kilometers south-west of the Melbourne CBD. It is approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west. The Shire covers an area of 3,433 square kilometres and has some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

We have an Estimated Residential Population of 20,225, as at 30 June 2016. Approximately 87 % of the Shire's residents were born in Australia and of those born overseas; only 3% come from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 0.53% per annum; however we expect this to increase once the dual highway to Geelong is completed as it will open up the region making commuting an attractive option for both the local population and for those seeking a lifestyle change. Growth over the coming 21 years is also predicted to be steady; however with an increasingly ageing population.

The five major industry sectors are:

- Manufacturing (1,204 persons or 12.7%)
- Health Care and Social Assistance (1,197 persons or 12.6%)
- Agriculture, Forestry & Fishing (1,134 persons or 12.0%)
- Retail Trade (992 persons or 10.5%)
- Tourism (807 persons or 8.5%)

In combination, these five industries employed a total of 5,334 people or 56% of the employed resident population.

Colac Otway Shire provides more than 90 high quality services and facilities across a range of areas including Community Services, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building, Economic Development and Tourism, Parks and Gardens and more.



## Sustainable Capacity Indicators

For the year ended 30 June 2016

| Indicator/measure                                                                                          | Results     |             | Material Variations and Comments                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                            | 2015        | 2016        |                                                                                                                                                                           |
| <b>Population</b>                                                                                          |             |             |                                                                                                                                                                           |
| <i>Expenses per head of municipal population</i><br>[Total expenses / Municipal population]                | \$2,092.24  | \$2,197.93  | The increase in expenses in 2015/16 is a result of the costs incurred in response to the Wye River and Separation Creek bushfires.                                        |
| <i>Infrastructure per head of municipal population</i><br>[Value of infrastructure / Municipal population] | \$12,728.74 | \$12,292.96 | Council is committed to an ongoing program of asset renewal to ensure the maintenance of community infrastructure to a high standard.                                     |
| <i>Population density per length of road</i><br>[Municipal population / Kilometres of local roads]         | 12.56       | 12.41       | The large road network maintained by Council requires significant investment to service the transport requirements of a rural municipality with a low population density. |
| <b>Own-source revenue</b>                                                                                  |             |             |                                                                                                                                                                           |
| <i>Own-source revenue per head of municipal population</i><br>[Own-source revenue / Municipal population]  | \$1,543.78  | \$1,655.79  | When compared to the average rate per assessment, this highlights Council's dependence on rate revenue to fund its operations.                                            |
| <b>Recurrent grants</b>                                                                                    |             |             |                                                                                                                                                                           |
| <i>Recurrent grants per head of municipal population</i><br>[Recurrent grants / Municipal population]      | \$697.19    | \$541.20    | The reduction in 2015/16 is a result of Council receiving 50% of the Victorian Grants Commission allocation in advance in 2014/15, inflating the 2014/15 figure.          |
| <b>Disadvantage</b>                                                                                        |             |             |                                                                                                                                                                           |
| <i>Relative socio-economic disadvantage</i><br>[Index of Relative Socio-economic Disadvantage by decile]   | 3           | 3           | Colac Otway Shire is rated as being a municipality of high socio-economic disadvantage.                                                                                   |

### Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

## Service Performance Indicators

For the year ended 30 June 2016

| Service/indicator/measure                                                                                                                                                                                                                                                                              | Results |        | Material Variations and Comments                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                        | 2015    | 2016   |                                                                                                                                                                                |
| <b>Aquatic facilities</b>                                                                                                                                                                                                                                                                              |         |        |                                                                                                                                                                                |
| <b>Utilisation</b>                                                                                                                                                                                                                                                                                     |         |        |                                                                                                                                                                                |
| <i>Utilisation of aquatic facilities</i><br>[Number of visits to aquatic facilities / Municipal population]                                                                                                                                                                                            | 0.09    | 2.73   | The significant increase in usage is a result of the reopening of Bluewater leisure centre after being closed for 2 years for redevelopment.                                   |
| <b>Animal management</b>                                                                                                                                                                                                                                                                               |         |        |                                                                                                                                                                                |
| <b>Health and safety</b>                                                                                                                                                                                                                                                                               |         |        |                                                                                                                                                                                |
| <i>Animal management prosecutions</i><br>[Number of successful animal management prosecutions]                                                                                                                                                                                                         | 27      | 13     | This result represents the effectiveness of the proactive educative approach taken by Council's Animal Management service.                                                     |
| <b>Food safety</b>                                                                                                                                                                                                                                                                                     |         |        |                                                                                                                                                                                |
| <b>Health and safety</b>                                                                                                                                                                                                                                                                               |         |        |                                                                                                                                                                                |
| <i>Critical and major non-compliance notifications</i><br>[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100 | 80.77%  | 90.91% | This is a positive result for Council, highlighting the effectiveness of our food safety service.                                                                              |
| <b>Governance</b>                                                                                                                                                                                                                                                                                      |         |        |                                                                                                                                                                                |
| <b>Satisfaction</b>                                                                                                                                                                                                                                                                                    |         |        |                                                                                                                                                                                |
| <i>Satisfaction with council decisions</i><br>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]                                                                                                                           | 48      | 43     | An action plan is being developed aimed at improving community satisfaction.                                                                                                   |
| <b>Home and community care</b>                                                                                                                                                                                                                                                                         |         |        |                                                                                                                                                                                |
| <b>Participation</b>                                                                                                                                                                                                                                                                                   |         |        |                                                                                                                                                                                |
| <i>Participation in HACC service</i><br>[Number of people that received a HACC service / Municipal target population for HACC services] x100                                                                                                                                                           | 24.16%  | 26.05% | The small increase is within normal parameters of the service; however the 'active service' model means that clients are utilising the service for shorter periods of time.    |
| <i>Participation in HACC service by CALD people</i><br>[Number of CALD people who receive a HACC                                                                                                                                                                                                       | 21.50%  | 15.92% | Client numbers reduced in 2016 due to the transitioning of services from the State funded HACC program to the Commonwealth funded National Disability Insurance Scheme (NDIS). |

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| Service/indicator/measure                                                                                                                                                                                                 | Results |        | Material Variations and Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                           | 2015    | 2016   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| service / Municipal target population in relation to CALD people for HACC services] x100                                                                                                                                  |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Libraries</b>                                                                                                                                                                                                          |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Participation</b>                                                                                                                                                                                                      |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Active library members</i><br>[Number of active library members / Municipal population] x100                                                                                                                           | 17.61%  | 17.87% | Active members includes only members who have borrowed a physical collection item. It excludes members who have used their membership to only borrow from the electronic collection and/or accessed digital information via the library's public internet. Although the definition has been recently expanded to include members who borrow electronically, the Library's current system is not capable of capturing these numbers and are therefore not included in the final figures. |
| <b>Maternal and child health</b>                                                                                                                                                                                          |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Participation</b>                                                                                                                                                                                                      |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Participation in the MCH service</i><br>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100                                              | 74.83%  | n/a    | In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015/16 financial year.                                                                                                                                                          |
| <b>Participation</b>                                                                                                                                                                                                      |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Participation in the MCH service by Aboriginal children</i><br>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 | 59.26%  | n/a    | In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015/16 financial year.                                                                                                                                                          |
| <b>Roads</b>                                                                                                                                                                                                              |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Satisfaction</b>                                                                                                                                                                                                       |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Satisfaction with sealed local roads</i><br>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]                                                           | 44      | 37     | Unable to identify if the dissatisfaction refers to roads that are the responsibility of Council or of VicRoads. Additional questions will be asked in the 2017 survey to clarify this.                                                                                                                                                                                                                                                                                                 |
| <b>Statutory Planning</b>                                                                                                                                                                                                 |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Decision making</b>                                                                                                                                                                                                    |         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Council planning decisions upheld at VCAT</i><br>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation                      | 100%    | 100%   | The result highlights Council's knowledge and effectiveness in applying the relevant Planning Schemes.                                                                                                                                                                                                                                                                                                                                                                                  |

| Service/indicator/measure                                                                                                                                                                                                | Results |        | Material Variations and Comments                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|----------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                          | 2015    | 2016   |                                                                                                                                              |
| to planning applications]<br>x100                                                                                                                                                                                        |         |        |                                                                                                                                              |
| <b>Waste Collection</b>                                                                                                                                                                                                  |         |        |                                                                                                                                              |
| <b>Waste diversion</b>                                                                                                                                                                                                   |         |        |                                                                                                                                              |
| <i>Kerbside collection waste diverted from landfill</i><br>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | 55.52%  | 43.32% | The decrease from 2015 is a result of the bushfires in Wye River and Separation Creek. Collections from these areas are yet to be processed. |

### Definitions

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

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

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

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the *Local Government Act 1989*

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

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

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

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985* of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

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

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

"population" means the resident population estimated by council

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

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



## Financial Performance Indicators

For the year ended 30 June 2016

| Dimension/indicator/measure                                                                                                                                                                 | Results    |            | Forecasts  |            |            |            | Material Variations and Comments                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                             | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |                                                                                                                                                                                                                                                                                                                                                        |
| <b>Efficiency</b>                                                                                                                                                                           |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <b>Revenue level</b>                                                                                                                                                                        |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <i>Average residential rate per residential property assessment</i><br>[Residential rate revenue / Number of residential property assessments]                                              | \$1,461.91 | \$1,598.36 | \$1,241.93 | \$1,260.46 | \$1,279.11 | \$1,298.00 | The increase in 2016 was due to an average 9.4% rates rise for residential properties in line with the budgeted increase in residential rates. Also note the forecast amounts are substantially lower as they relate to the indicators reported in the 2016/17 budget document which does not include Municipal rates and Kerbside collection charges. |
| <b>Expenditure level</b>                                                                                                                                                                    |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <i>Expenses per property assessment</i><br>[Total expenses / Number of property assessments]                                                                                                | \$2,859.53 | \$2,967.93 | \$3,197.47 | \$3,079.13 | \$3,145.96 | \$3,212.33 | The increase in expenses in 2015/16 was a result of costs incurred in response to the Wye River and Separation Creek bushfires.                                                                                                                                                                                                                        |
| <b>Workforce turnover</b>                                                                                                                                                                   |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <i>Resignations and terminations compared to average staff</i><br>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100 | 8.50%      | 11.34%     | 11.9%      | 12.3%      | 12.3%      | 12.3%      | Workforce turnover is within expected parameters.                                                                                                                                                                                                                                                                                                      |
| <b>Liquidity</b>                                                                                                                                                                            |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <b>Working capital</b>                                                                                                                                                                      |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <i>Current assets compared to current liabilities</i><br>[Current assets / Current liabilities] x100                                                                                        | 226.47%    | 197.53%    | 144.18%    | 138.52%    | 127.99%    | 116.98%    | The result for 2014/15 was inflated by the early payment of grant monies by the Victorian Grants Commission. Rate capping will have a continuing impact on future liquidity.                                                                                                                                                                           |
| <b>Unrestricted cash</b>                                                                                                                                                                    |            |            |            |            |            |            |                                                                                                                                                                                                                                                                                                                                                        |
| <i>Unrestricted cash compared to current liabilities</i>                                                                                                                                    | 70.19%     | 68.22%     | 100.6%     | 100.6%     | 91.7%      | 79.6%      | Unrestricted cash balances have remained at similar levels as 2014/15.                                                                                                                                                                                                                                                                                 |

| Dimension/indicator/measure                                                                                                                                  | Results |        | Forecasts |         |         |         | Material Variations and Comments                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|-----------|---------|---------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                              | 2015    | 2016   | 2017      | 2018    | 2019    | 2020    |                                                                                                                                                                                                |
| [Unrestricted cash / Current liabilities] x100                                                                                                               |         |        |           |         |         |         |                                                                                                                                                                                                |
| <b>Obligations</b>                                                                                                                                           |         |        |           |         |         |         |                                                                                                                                                                                                |
| <b>Asset renewal</b>                                                                                                                                         |         |        |           |         |         |         |                                                                                                                                                                                                |
| <i>Asset renewal compared to depreciation</i><br>[Asset renewal expenses / Asset depreciation] x100                                                          | 101.51% | 97.58% | 128.31%   | 100.00% | 100.00% | 100.00% | The result for 2015/16 reflects the completion of major capital works projects, which increased depreciation. The forecast reveals Council's commitment to renew major community assets.       |
| <b>Loans and borrowings</b>                                                                                                                                  |         |        |           |         |         |         |                                                                                                                                                                                                |
| <i>Loans and borrowings compared to rates</i><br>[Interest bearing loans and borrowings / Rate revenue] x100                                                 | 20.15%  | 17.29% | 13.83%    | 11.44%  | 9.02%   | 6.50%   | This result reflects Council's low overall debt levels and prudent debt management principles.                                                                                                 |
| <i>Loans and borrowings repayments compared to rates</i><br>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100 | 3.37%   | 3.31%  | 3.79%     | 2.79%   | 2.75%   | 2.73%   | This result reflects Council's prudent debt management and low overall debt levels.                                                                                                            |
| <b>Indebtedness</b>                                                                                                                                          |         |        |           |         |         |         |                                                                                                                                                                                                |
| <i>Non-current liabilities compared to own source revenue</i><br>[Non-current liabilities / Own source revenue] x100                                         | 28.23%  | 25.54% | 22.13%    | 20.03%  | 17.84%  | 16.92%  | The result reflects Council's low debt levels. No new borrowings are planned in the short-term.                                                                                                |
| <b>Operating position</b>                                                                                                                                    |         |        |           |         |         |         |                                                                                                                                                                                                |
| <b>Adjusted underlying result</b>                                                                                                                            |         |        |           |         |         |         |                                                                                                                                                                                                |
| <i>Adjusted underlying surplus (or deficit)</i><br>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100                                | 10.34%  | 1.88%  | 1.4%      | -0.2%   | -0.9%   | -1.4%   | The result for 2014/15 was inflated by the early payment of grant monies by the Victorian Grants Commission. Rate capping will have a continuing impact on future adjusted underlying results. |
| <b>Stability</b>                                                                                                                                             |         |        |           |         |         |         |                                                                                                                                                                                                |
| <b>Rates concentration</b>                                                                                                                                   |         |        |           |         |         |         |                                                                                                                                                                                                |
| <i>Rates compared to adjusted</i>                                                                                                                            | 55.66%  | 60.86% | 53.5%     | 59.0%   | 59.0%   | 59.0%   | This result is in line with expectations. Council remains                                                                                                                                      |

| Dimension/indicator/measure                                                                                                                                 | Results |       | Forecasts |      |      |      | Material Variations and Comments                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|-----------|------|------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                             | 2015    | 2016  | 2017      | 2018 | 2019 | 2020 |                                                                                                                                                                                          |
| <i>underlying revenue</i><br>[Rate revenue / Adjusted underlying revenue] x100                                                                              |         |       |           |      |      |      | heavily reliant on rates to fund services and renew infrastructure. A relatively low population and socio-economic base restricts Council's ability to raise revenue from other sources. |
| <b>Rates effort</b><br><i>Rates compared to property values</i><br>[Rate revenue / Capital improved value of rateable properties in the municipality ] x100 | 0.49%   | 0.48% | 0.4%      | 0.4% | 0.4% | 0.4% | Results and forecasts highlight Council's relatively low rating burden on our community.                                                                                                 |

**Definitions**

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants

"population "means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant "means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash

## Other Information

For the year ended 30 June 2016

### 1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. As this is the base year and consequently no material threshold has been set for these performance indicators and measures, this year Local Government is unable to provide an explanation of material variations. Council however has provided comments against each performance indicator and measure to assist readers interpret the results.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 22 June 2016 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

**Certification of the performance statement**

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



Daniel Fogarty B.Com, CA, MAppFin  
Principal Accounting Officer

Date: 19 September 2016  
Colac

In our opinion, the accompanying performance statement of the Colac Otway Shire Council for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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



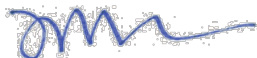
Cr Terry Woodcroft  
Councillor

Date: 19 September 2016  
Colac



Cr Stephen Hart  
Councillor

Date: 19 September 2016  
Colac



Sue Wilkinson  
Chief Executive Officer

Date: 19 September 2016  
Colac





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Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

To the Councillors, Colac-Otway Shire Council

### *The Performance Statement*

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Colac-Otway Shire Council which comprises the statement, the related notes and the certification of the performance statement.

### *The Councillors' Responsibility for the Performance Statement*

The Councillors of the Colac-Otway Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Auditing in the Public Interest*

### Independent Auditor's Report (continued)


#### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

#### *Auditor's Opinion*

In my opinion, the performance statement of the Colac-Otway Shire Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
23 September 2016

  
Andrew Greaves  
Auditor-General

## Acronyms and Definitions

|                  |                                                                    |
|------------------|--------------------------------------------------------------------|
| <b>CALD</b>      | Culturally and Linguistically Diverse communities                  |
| <b>CBD</b>       | Central Business District                                          |
| <b>CEO</b>       | Chief Executive Officer                                            |
| <b>CFA</b>       | Country Fire Authority                                             |
| <b>COPACC</b>    | Colac Otway Performing Arts and Cultural Centre                    |
| <b>COShealth</b> | Colac Otway Shire Health and Wellbeing Program                     |
| <b>DHHS</b>      | Department of Health and Human Services                            |
| <b>DWMP</b>      | Domestic Wastewater Management Plan                                |
| <b>EEO</b>       | Equal Employment Opportunity                                       |
| <b>FOI</b>       | Freedom of Information                                             |
| <b>FTE</b>       | Full Time Equivalent employees                                     |
| <b>G21</b>       | Geelong Regional Alliance                                          |
| <b>GCC</b>       | Global Corporate Challenge®                                        |
| <b>GROW</b>      | Geelong Regional Opportunities for Work                            |
| <b>HACC</b>      | Home and Community Care                                            |
| <b>JMAPP</b>     | Jardine Municipal Asset Protection Package                         |
| <b>LGPRF</b>     | Victorian Local Government Performance Reporting Framework         |
| <b>LMI</b>       | Liability Mutual Insurance                                         |
| <b>LTFP</b>      | Long Term Financial Plan                                           |
| <b>MAV</b>       | Municipal Association of Victoria                                  |
| <b>MCH</b>       | Maternal and Child Health services                                 |
| <b>NDIA</b>      | National Disability Insurance Agency                               |
| <b>NDIS</b>      | National Disability Insurance Scheme                               |
| <b>NSP</b>       | Neighbourhood Safer Places                                         |
| <b>OH&amp;S</b>  | Occupational Health and Safety                                     |
| <b>OPASS</b>     | Council's Older Persons and All Support Service                    |
| <b>RDV</b>       | Regional Development Victoria                                      |
| <b>RRRTAG</b>    | Red Rock Regional Theatre and Art Gallery                          |
| <b>SafetyMAP</b> | Accreditation through the Victorian WorkCover Authority            |
| <b>SRP</b>       | Strategic Resource Plan                                            |
| <b>VAGO</b>      | Victorian Auditor General's Office                                 |
| <b>VCAT</b>      | Victorian Civil and Administrative Tribunal                        |
| <b>WiFi</b>      | Local area wireless technology allowing connection to the internet |

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## Contacting Council

### Colac Service Centre

2-6 Rae Street  
Colac Vic 3250

Phone: (03) 5232 9400  
Fax: (03) 5232 1046

Hours: 8.30am – 5.00pm  
Monday to Friday

### Apollo Bay Service Centre

69 Nelson Street  
Apollo Bay Vic 3233

Phone: (03) 5237 6504  
Fax: (03) 5237 6734

Hours: 8.30am – 1.00pm  
Monday to Friday

### Postal Address

PO Box 283  
Colac Vic 3250

### Email Address

[inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)

### Website Address

[www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)



