



COLAC OTWAY SHIRE

BUDGET 2022-23

ADOPTED 29 June 2022

This Budget Report has been prepared with reference to Local Government Victoria (LGV) Local Government Model Financial Report (LGMFR) 2022-23.



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SHIRE

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Contents

| | Page |
|---|------|
| Mayor's Summary | 3 |
| Executive Summary | 4 |
| 1. Link to the Council Plan | 10 |
| 1.1 Legislative Planning and accountability framework | 10 |
| 1.2 Our purpose | 11 |
| 1.3 Strategic objectives | 12 |
| 2. Services and service performance indicators | 13 |
| 2.1 Strategic Theme 1: Our Prosperity | 14 |
| 2.2 Strategic Theme 2: Our Places | 15 |
| 2.3 Strategic Theme 3: Our Community | 18 |
| 2.4 Strategic Theme 4: Our Leadership & Management | 21 |
| 2.5 Reconciliation with budget operating result | 23 |
| 3. Financial statements | 24 |
| 3.1 Comprehensive Income Statement | 25 |
| 3.2 Balance Sheet | 26 |
| 3.3 Statement of Changes in equity | 27 |
| 3.4 Statement of Cash Flows | 28 |
| 3.5 Statement of Capital Works | 29 |
| 3.6 Statement of Human Resources | 30 |
| 3.7 Summary of Planned Human Resources Expenditure | 31 |
| 4. Notes to the financial statements | 33 |
| 4.1 Comprehensive Income Statement | 33 |
| 4.1.1 Rates and charges | 33 |
| 4.1.2 Statutory fees and fines | 45 |
| 4.1.3 User fees | 45 |
| 4.1.4 Grants | 46 |
| 4.1.5 Contributions | 47 |
| 4.1.6 Other income | 47 |
| 4.1.7 Employee costs | 48 |
| 4.1.8 Materials and services | 48 |
| 4.1.9 Depreciation | 49 |
| 4.1.10 Amortisation - Right of use assets | 49 |
| 4.1.11 Other Expenses | 49 |
| 4.2 Balance Sheet | 50 |
| 4.2.1 Assets | 50 |
| 4.2.2 Liabilities | 50 |
| 4.2.3 Borrowings | 50 |
| 4.2.4 Leases by category | 50 |
| 4.3 Statement of changes in Equity | 51 |
| 4.3.1 Reserves | 51 |
| 4.4 Statement of Cash Flows | 52 |
| 4.4.1 Net cash flows provided by/used in operating activities | 52 |
| 4.4.2 Net cash flows provided by/used in investing activities | 52 |
| 4.4.3 Net cash flows provided by/used in financing activities | 52 |
| 4.5 Capital works program | 53 |
| 4.5.1 Summary | 53 |
| 4.5.2 Current Budget | 54 |
| 4.6 Summary of Planned Capital Works | 56 |
| 5. Financial Performance Indicators | 59 |

Mayor's Summary

I am pleased to present the Budget 2022/23 on behalf of the Colac Otway Shire Council. This budget clearly set out Council's financial investment in year ahead as we work with our community to achieve its vision for 2050. The Community Vision was endorsed by Council last year and guides our decision-making as we develop our integrated strategic plans and deliver our important services.

The Budget 2022/23 includes a proposed 1.75% average rate increase in line with the Fair Go Rates system. Council is aware of the ongoing impacts of the pandemic, particularly on tourism, hospitality and exports, and as we focus on our community's recovery, we encourage ratepayers who are struggling to make contact to discuss how we can help.

The Budget 2022/23 will allow Council to invest a further \$12.3 million in capital works projects of which \$8.690 million is directed to Council's asset renewal program to ensure that our assets continue to support economic prosperity and healthy connected communities. Council remains committed to ensuring its road network remains in good condition and has allocated \$5.219 million to roads and bridges which is additional to works that have already commenced in 2021/22.

The Budget 2022/23 allocates \$3.644 million to capital projects that upgrade Council's assets including development of the Elliminyt wetlands, upgrade to the Colac Maternal and Child Health building, traffic calming works in Alexander Street, Colac, and upgrade works at various locations impacted by landslips in 2021. Council has also allocated \$0.274 million to simplify the Planning Scheme and make improvements in Council's technology that will improve its ability to record, track and report on customer requests. These projects that will enhance Council's ability to respond to the community and customers and plan for the future.

Key projects in the Budget 2022/23 include:

- Elliminyt Wetlands development, \$3.0 m
- Sealed road reconstruction program, \$2.5 m
- Unsealed road reconstruction program, \$1.0m
- Building renewal programme, \$0.75 m
- New Customer Request System, \$0.17 m

Executive Summary

Council has prepared a Budget for the 2022/23 financial year which seeks to support its provision of important services and infrastructure that are affordable for our community. The Budget is informed by the principles and assumptions contained in the Financial Plan and discussions with Councillors through 2022 as the Budget was developed.

In 2021, Colac Otway Shire Council adopted the community vision and Council Plan 2021-2025 with the support and collaboration of its community. The Council Plan, inclusive of the Municipal Health and Wellbeing Plan, guides Council's work over the remainder of its term and has four key themes:

1. Strong and Resilient Economy
2. Valuing the Natural and Built Economy
3. Healthy and Inclusive Community
4. Strong Leadership and Management

This Budget 2022/23 includes investment across all four themes through ongoing delivery of Council's day to day operations as well as some specific initiatives and projects.

RATES AND CHARGES

This budget proposes to increase rate revenue in line with the Fair Go Rates System which is capped 1.75% for the 2022/23 financial year. The cap is set by the State Government and applies to the total revenue generated through general rates and the municipal charge. Council's rate revenue also increases from supplementary rates which arise throughout the year from the building of new homes or properties, subdivisions or existing property development.

As legislated, each property across the state is subject to an independent annual valuation, and these values will be used to calculate individual property rates. This annual revaluation does not result in a net gain or loss of revenue to Council, but it redistributes the rates burden according to updated property values. During 2021 and 2022, property values changed drastically across the state, and so while Council's overall rate revenue will only increase by 1.75%, individual properties may increase by more or less than this average due to the varied property valuation increases.

The budget provides for an average annual rate increase of 1.75%. The table below provides a summary of the calculation, according to the formula prescribed by the State Government.

| | |
|--|----------------|
| Forecast Annualised Rate Revenue at 30 June 2022 | \$29,356,729 |
| Forecast Number of Assessments at 30 June 2022 | 15,760 |
| Forecast Base Average Rate 2021/22 per assessment | \$1,863 |
| Budget Rate Revenue 2022/23 | \$29,863,026 |
| Capped Average Rate 2022/23 per assessment | \$1,895 |
| Average Capped Increase | 1.75% |

FINANCIAL PERFORMANCE AND SUSTAINABILITY

The key financial outcomes from the Budget 2022/23 include:

| | |
|--|-----------|
| • Net Surplus | \$0.472 m |
| • Adjusted Underlying Result (deficit) | (\$2.8 m) |
| • Closing Cash Balance | \$14.2 m |
| • Reserves balance | \$13.6 m |
| • Capital Works Program | \$12.3 m |
| • Capital renewal allocation (71% of depreciation) | \$ 8.7 m |

The Financial Performance Indicators are detailed in Section 5 on this document.

MAJOR INITIATIVES

As per section 94 of the Local Government Act 2020, Council has identified and funded a number of major initiatives that achieve goals set in the Council Plan 2021-25, including the following:

Theme 1. A strong and resilient economy

Future planning for Deans Creek Growth Corridor

Of major significance in the Budget 2022-23 will be the progression of the strategic planning to unlock residential land development in the Deans Creek Growth Corridor. This will be supported by financial assistance from the Victorian Government. This initiative works towards a Precinct Structure Plan that will establish the location of key open space reserves and linear linkages, drainage requirements, roads and key traffic intersections, and any other social and community infrastructure. The project will also inform a cost-sharing plan to ensure infrastructure will be delivered strategically to balance the financial capacity of stakeholders and the needs of an emerging community.

Theme 2. Valuing the built and natural environment

Remaining Carbon Neutral

Council has determined to become carbon neutral and has implemented a series of initiatives to reduce carbon emissions and a one-off budget allocation in 2021-22 to achieve carbon neutrality for the 2020-21 year through offsetting residual carbon emissions. The Budget 2022-23 embeds that commitment through the introduction of a recurrent financial commitment to Council achieving its Carbon Neutral Target in the years ahead.

Theme 3. Healthy and inclusive communities

Caring for our older persons

The Budget 2022/23 incorporates continued growth in the delivery of services to our aged community. This important service provides essential care for our aging community, supporting people to age safely in their own homes for as long as possible.

Theme 4. Strong leadership and management

Improving the customer experience

The most significant project under this theme will be the implementation of a new Customer Request System (CRS). A good CRS is a vital tool to assist with the effective and efficient operations of Council. For a number of years Council has persisted with a system that is lacking in its capacity to deliver to a satisfactory level. The new system will be user friendly, provide good efficiencies, greatly improved response times, integration opportunities and offer improved front end engagement with ratepayers. Council has determined that significantly improved benefits can be gained with the implementation of a new CRS, ensuring that customer requests for service are captured, tracked and completed.

ANNUAL BUDGET RESULTS

Net Surplus

The budgeted net surplus represents all revenues less operating expenses and is further detailed in Council's formal statement (section 3). The Budget for the 2022/23 financial year delivers a surplus of \$0.433 million, which is \$2.836 million lower than the budget for the previous financial year 2021/22. The decline is attributable to two key factors: firstly the budget for the financial year 2021/22 included higher user fees and monetary contributions for one-off projects, and secondly the 2022/23 budget includes a materially higher depreciation amount following an adjustment for the bridge asset class.

Adjusted Underlying Result

The regulations prescribe the method for calculating the 'Adjusted Underlying Result'. The purpose for calculating the Adjusted Underlying Result is to remove the effect on the budget of one-off revenue items that may otherwise overstate Council's 'normal' performance. Under the regulations the 2022/23 deficit of \$2.792 million is calculated as follows:

| | |
|---|--------------------|
| Total Comprehensive Result | \$0.472 m |
| Non-recurrent grants used to fund capital expenditure | (\$3.225 m) |
| Non-monetary asset contributions | - |
| Other contributions to fund capital expenditure | - |
| Adjusted Underlying Result (deficit) | (\$2.753 m) |

Without important changes to Council's service offering and delivery models, future years will also present deficits and erode Council's ability to support the community in the future. Council is committed to address its financial sustainability over the long term to address these challenges.

Revenue

The Budget 2022/23 anticipates total revenue of \$56.4 million.

Rates and Municipal Charge

Total income of \$33.7 million is expected to be derived through rates and municipal charges as per the following key factors:

- An overall increase in rates and charges that is in line with the Fair Go Rates System cap, set at 1.75% for 2022/23
- A Municipal Charge of \$198 per annum for each rateable property in respect of which a municipal charge can be levied; and
- Compounding effect of supplementary valuations.

Waste Management Charge

While a portion of Council's overall waste and resource recovery services is funded through rate revenue, Council also receives specific income through levying of a waste management charge. The charge is applied as follows:

- Properties receiving a weekly kerbside collection will be levied a charge of \$319 per annum
- Properties receiving a fortnightly kerbside collection will be levied a charge of \$243 per annum

The above charges represent increases of 3.6% and 3.4% respectively when compared to the waste management charges levied on individual properties in the previous financial year.

The total income to be received through waste management charges will be \$3.407 million will be 6.1% higher than the previous financial year due to the higher number of assessments being levied the waste management charge.

User fees and charges

Many of Council's services are wholly or partly funded through general revenue, however a range of services are funded in full or part through user fees. Council's budget is based on \$7.5 million income through user fees and charges, representing an increase of \$0.98 million through user fees and charges when compared to the 2021/22 budget.

The increase in income through user fees and charges is primarily derived from a higher number of Home care packages in 2022/23 and the expectation that the Bluewater Leisure Centre will operate without the major disruptions that have occurred through 2020 and 2021 as a result of the pandemic.

Grants

Council receives recurrent grants that help Council to deliver regular services each year, and non-recurrent grants that are tied to specific projects and outcomes. Grants are further categorised as being for operating or capital investments which recognises the relationship of the activity to Council's asset portfolio.

- Operating grants are budgeted to be \$9.030 million, which is lower than the Budget 2021/22 due to an early payment of a large component of the 2022/23 Federal Assistance Grants. This grant is expected to be received in 2021/22 but is provided by the Federal Government to support Councils service delivery in 2022/23.
- Non-recurrent capital grants are budgeted to be \$3.225 million, including \$3.0 million for the Elliminyt Wetlands project and \$225k additional funding for the Deans Creek Growth Corridor, which is above the \$2.99 million (non recurrent grant) included in the Budget 2021/22.

Expenditure

Employee Costs

These expenses include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation and workers compensation insurance. Employee costs in the Income Statement does not include capitalised labour.

Employee costs are budgeted to increase by 9.3% or \$2.043 million compared to 2021/22 due to the following:

- Employee entitlements through the Enterprise Agreement 2019.
- Additional \$1.252 million in employee leave as annual leave not used in 2021/22 is expected to be taken and sick leave is likely to remain relatively high following removal of COVID-19 restrictions.
- Additional employees will be needed to service an increase in Home Care Packages, resulting in higher employee costs of \$0.725 million (offset offsetting income is included in the User Fee analysis).
- New employees will be recruited to replace higher cost contractors in targeted areas of project management and engineering, with employee costs offset by reduced contractor costs.
- Allowance for WorkCover premium to increase by \$64k which reflects actual costs over recent years.

The Budget 2022/23 is based on employment of 253 Full-time Equivalent Employees (FTE). The increase of FTE in the 2021/22 budget results from the following:

- Additional 2.1 FTE to deliver new projects in strategic planning and youth engagement (fully funded)
- Additional 0.1 FTE in the Maternal and Child Health team to comply with new regulatory requirements
- Net increase of 4.2 FTE to move to internal skills (offset by reduction in contractors and agency staff)
- Additional 3.1 FTE to deliver increased number of Home Care Packages (fully funded by user fees)
- Additional 2.5 FTE to support post-pandemic service at Bluewater Leisure Centre (funded through increased user fees)
- Additional 2.0 FTE identified that were included in previous costs but not in FTE calculation
- Reduction of 0.4 FTE through review of support roles

Materials and Services

Comparison of materials and services expenses to previous financial years is difficult due to the high project-related expenses in the 2021/22 budget. Putting aside project costs, Council has managed to constrain growth in materials and services to ensure service delivery represents value for money and these expenses are \$0.041 million lower than the previous budget for recurrent operations.

Depreciation

The Budget 2022/23 includes depreciation expense of \$11.10 million which is \$0.18 million higher than the 2021/22 forecast. The depreciation is \$2.09 million higher than the 2021/22 budget which is largely due to adjustment in the bridges asset class.

Borrowings

The balance of borrowings from Council's single existing loan is forecast to be \$0.596 million on 30 June 2022. This 10-year loan was drawn to fund a roof on the Colac Saleyards and is due to be fully paid in the 2022/23 financial year.

Council has considered the low interest rates currently available and its capacity to allocate cash to existing obligations and new initiatives. Council has included new borrowings in the Budget 2022/23 to source \$0.380 million over a three year term to spread the final payments of the existing loan over a further two years. The total amount to be borrowed is presented in Section 4.2.3.

BALANCE SHEET

The key points to note are:

- Council's working capital will decrease by \$271k, from \$5.9m to \$5.7m. The Budget assumes that cash held for projects carried forward from previous years will be completed in 2021/22.
- Council's net worth will increase by \$433k to \$382m.
- Property, infrastructure, plant and equipment comprise 96% of Council's total assets.
- Working capital is in surplus \$5.7m. Current assets will be 1.5 times current liabilities at the end of the financial year, up from 1.4 in 2021/22.
- Borrowings will decrease by \$216k due to scheduled repayments of \$84k and the proposed additional payout of \$130k of the loan liability in 2022/23, with refinancing of the remaining balance of \$380k in June 2023.

CASH FLOW

The closing cash balance is budgeted to be \$14.2m at 30 June 2023.

The cash balance at 30 June 2023 is budgeted to include \$3.6m or 50% of the 2023/24 Federal Assistance Grants received in advance (2021/22: \$5.5m or 75%).

SALE OF LAND

Council has identified two parcels of land that are surplus to municipal needs and are appropriate for sale. Council has exchanged a Contract of Sale for one property (Bruce Street, Colac) and is negotiating with Homes Victoria with respect to a second property (McLachlan Street, Apollo Bay). While the two properties may be sold during 2022-23 the Budget does not include any proposed income from sale of land as the dates for settlement are still not locked.

CAPITAL WORKS

The key points to note are:

- The capital works program for 2022/23 totals \$12.3m, \$7.9m less than the 2021/22 forecast of \$20.2m due to projects carried forward from previous years and increased funding renewal and upgrade works. The 2021/22 Capital Works Program has increased from the 2021/22 Adopted Budget (\$13.7m) by \$6.5m.
- The program is divided between capital renewal (71%), capital upgrade (28%) and new assets (1%).
- The capital works budget is funded from a mix of external and internal sources. 40% is funded by grants and 60% by operations.

Following is a summary of the major items of capital expenditure funded in the budget:

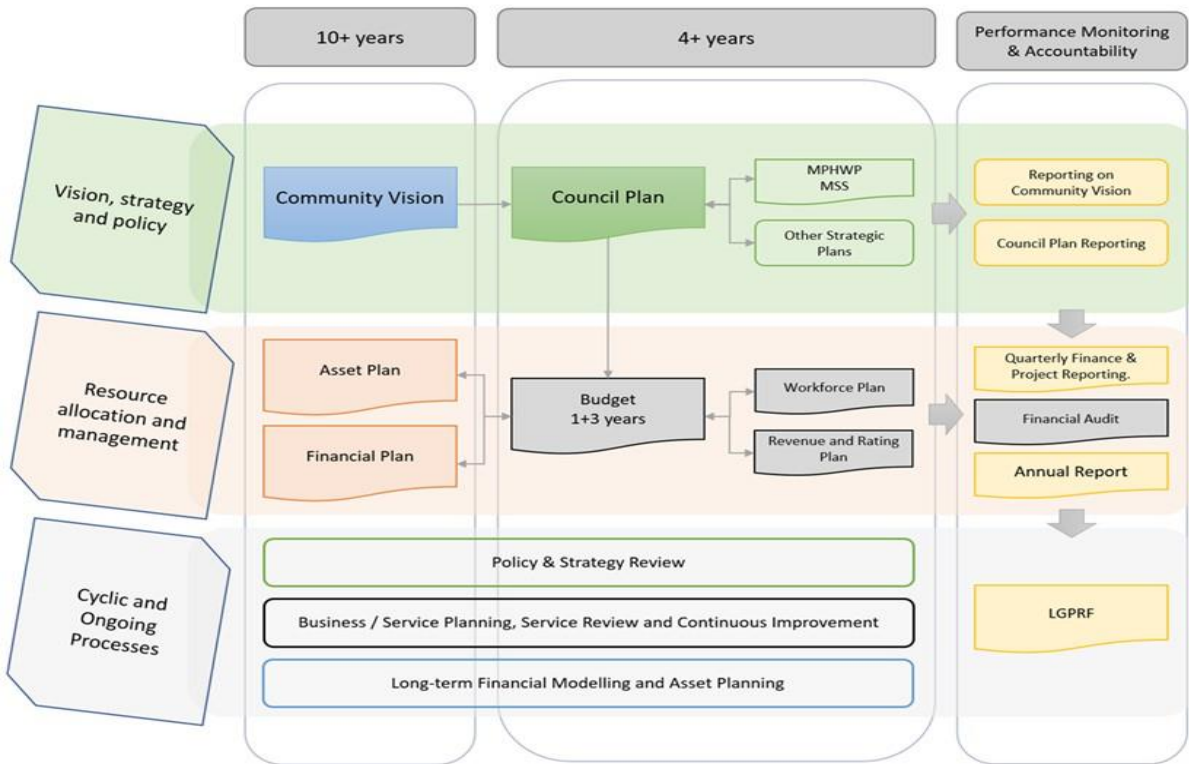
- Elliminyt wetlands development \$3.0m
- Sealed road reconstruction program \$2.5m
- Heavy plant replacement \$1.2m
- Unsealed road reconstruction program \$1.0m
- Bridge renewal programme \$984k
- Building renewal programme \$750k
- Computers and telecommunications renewal and upgrade \$455k
- Major patching program \$350k
- Light fleet Replacement \$300k
- Road safety \$275k
- Asset condition assessment \$250k
- Building upgrade programme \$234k
- Elliminyt Recreation Reserve oval lighting replacement \$425k
- Footpath renewal \$179k
- Stormwater renewal and upgrade \$140k

1. Link to the Strategic Integrated Planning and Reporting Framework

This section describes how the Budget links to the achievement of the Community Vision and Council Plan within an overall integrated planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Community Vision and Financial Plan), medium term (Council Plan, Workforce Plan, and Revenue and Rating Plan) and short term (Budget) and then holding itself accountable (Annual Report).

1.1 Legislative Planning and accountability framework

The Budget is a rolling four-year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The diagram below depicts the integrated planning and reporting framework that applies to local government in Victoria. At each stage of the integrated planning and reporting framework there are opportunities for community and stakeholder input. This is important to ensure transparency and accountability to both residents and ratepayers.



Source: Department of Jobs, Precincts and Regions

The timing of each component of the integrated planning and reporting framework is critical to the successful achievement of the planned outcomes.

1.1.2 Key planning considerations

Service level planning

Although councils have a legal obligation to provide some services— such as animal management, local roads, food safety and statutory planning—most council services are not legally mandated, including some services closely associated with councils, such as libraries, building permits and sporting facilities. Further, over time, the needs and expectations of communities can change. Therefore councils need to have robust processes for service planning and review to ensure all services continue to provide value for money and are in line with community expectations. In doing so, councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works.

Community consultation needs to be in line with a Council's adopted Community Engagement Policy and Public Transparency Policy.

1.2 Our purpose

Our 2050 Vision is

"By 2050, Colac Otway Shire will be a destination where people come to appreciate our unique and diverse environment and friendly communities.

We value the wisdom of this land's first caretakers, the Gulidjan and Gadabanud peoples, and recognise all those who have cared for the land since.

We work to preserve what makes our place special. We focus on environmental sustainability to protect our precious natural assets.

We are a proud and resilient community that values our welcoming spirit. We embrace new people, new business, new ideas. Our region is a great place to learn, live, work and play."

Our values

Colac Otway Shire Council strives to be a values-based organisation.

Our values were developed by our people and guide our behaviours, our approach to our work and to each other.

Our Values

- We are **supportive, inclusive** and **respectful**
- We take a **positive approach** to our work
- We commit to **safe work** practices
- We are **accountable** and **proactive**
- We act with **integrity**
- We **communicate effectively**
- We are **flexible** and **progressive**

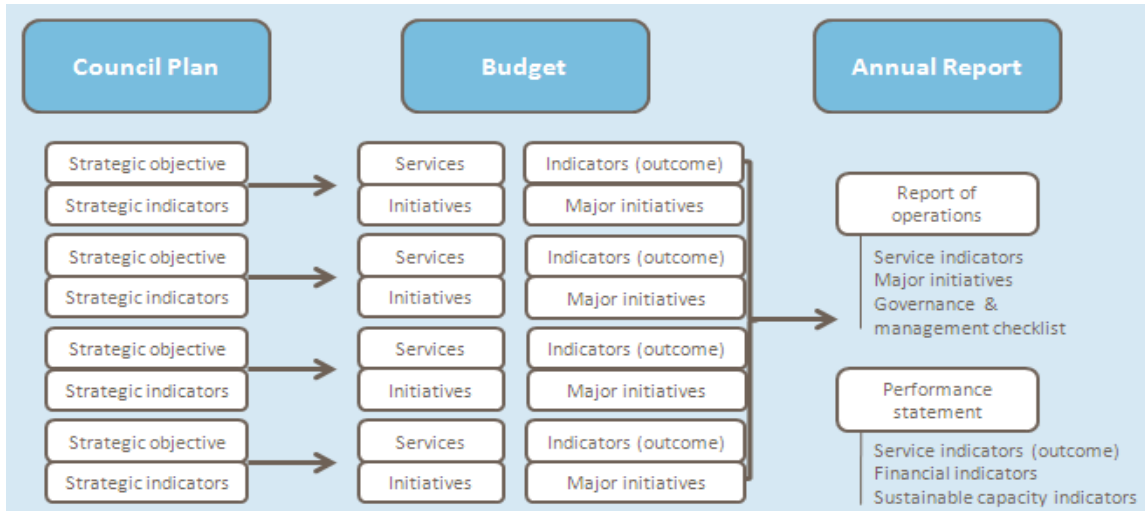
1.3 Strategic objectives

Council delivers activities and initiatives under major service categories. Each contributes to the achievement of one of the four Strategic Objectives as set out in the Council Plan 2021-2025. The following table lists the four Strategies Objectives as described in the Council Plan.

| Strategic Theme | Description |
|--|---|
| 1. Strong and Resilient Economy | We are committed to expanding our diverse industries, vibrant arts community, world-renowned tourism, and professional health services. A healthy, growing economy will provide sustainable industries and jobs, and opportunities for all ages. |
| 2. Valuing The Natural and Built Environment | We will protect our natural environment and communities, by maintaining and providing resilient infrastructure, and being leaders in sustainable living, modelling innovation and best practice. |
| 3. Healthy and Inclusive Community | We will continue to be a great place to live. We embrace our diverse community, take care of our older community and prepare our children for success. We care for each other, are friendly and welcoming, and enjoy a vibrant and active lifestyle. We are a small population with big hearts. |
| 4. Strong Leadership & Management | We will be leaders in good governance, transparency and strive for ongoing improvement. |

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2022/23 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below



Source: Department of Jobs, Precincts and Regions

2.1 Strategic Theme 1: Strong and Resilient Economy

We are committed to expanding our diverse industries, vibrant arts community, world-renowned tourism, and professional health services. A healthy, growing economy will provide sustainable industries and jobs, and opportunities for all ages.

Services

| Service area | Description of services provided | | 2020/21 | 2021/22 | 2022/23 |
|--------------------------------|---|------------|------------------|--------------------|------------------|
| | | | Actual \$'000 | Forecast \$'000 | Budget \$'000 |
| Building Control | This service provides for planned building developments to meet present and future community requirements. | <i>Exp</i> | 1,409 | 1,330 | 1,374 |
| | | <i>Rev</i> | (141) | (113) | (151) |
| | | NET | 1,268 | 1,216 | 1,223 |
| Events | This service provides for active community involvement in the provisioning of management and support for community entertainment and events. | <i>Exp</i> | 123 | 198 | 129 |
| | | <i>Rev</i> | (1) | (4) | (6) |
| | | NET | 122 | 195 | 123 |
| Economic Development | This service facilitates a healthy and resilient economy by providing effective leadership, advocacy, and partnership, by working with government business and the community. | <i>Exp</i> | 1,404 | 2,958 | 1,214 |
| | | <i>Rev</i> | (232) | (1,368) | (36) |
| | | NET | 1,172 | 1,590 | 1,178 |
| Tourism | This service provides economic benefit by promoting the Shire as a location for visitors to enjoy, explore and return to. Visitor information is provided via Council's two Visitor Information Centres and via media. | <i>Exp</i> | 563 | 768 | 865 |
| | | <i>Rev</i> | (106) | (235) | (265) |
| | | NET | 457 | 532 | 600 |
| Apollo Bay Harbour | This service manages and maintains the Apollo Bay Harbour for the enjoyment of the community. | <i>Exp</i> | 1,065 | 1,041 | 1,027 |
| | | <i>Rev</i> | (1,020) | (1,041) | (1,027) |
| | | NET | 44 | - | - |
| Colac Livestock Selling Centre | This service provides a vital link in our rural infrastructure by providing a marketplace for buying and selling livestock. | <i>Exp</i> | 365 | 354 | 396 |
| | | <i>Rev</i> | (432) | (445) | (467) |
| | | NET | (67) | (90) | (71) |
| Statutory Planning | This service fulfils Council's statutory obligations in being the responsible authority for the management and regulation of land use and development, with the aim of achieving sustainable outcomes in the interests of current and future generations. | <i>Exp</i> | 1,425 | 1,402 | 1,487 |
| | | <i>Rev</i> | (418) | (323) | (376) |
| | | NET | 1,007 | 1,079 | 1,111 |
| Strategic Planning | This service ensures that land use planning is undertaken to meet the sustainable long term needs of current and future generations. | <i>Exp</i> | 528 | 943 | 977 |
| | | <i>Rev</i> | 5 | (175) | (425) |
| | | NET | 534 | 768 | 552 |

Major Initiatives

Ongoing commitment to a strong and resilient economy

Council will continue to facilitate economic growth and investment in the region through its Budget 2022/23. A key initiative is the continued investment in renewing Forest Street Colac, ensuring it remains an important strategic road that services much of Colac's industrial areas in the township's east. In addition, the COPACC Civic Hall floor will see improvements to its structural integrity enabling the space to host a range of cultural activities not currently possible. Council will also provide over \$300,000 to community groups and businesses through its long standing Community Grants Program, which results in a range of social, environmental and economic outcomes, strengthening the opportunity for a grass-roots recovery from the pandemic.

Future planning for Deans Creek Growth Corridor

Of major significance in the Budget 2022-23 will be the progression of the strategic planning to unlock residential land development in the Deans Creek Growth Corridor. This will be supported by financial assistance from the Victorian Government. This initiative works towards a Precinct Structure Plan that will establish the location of key open space reserves and linear linkages, drainage requirements, roads and key traffic intersections, and any other social and community infrastructure. The project will also inform a cost-sharing plan to ensure infrastructure will be delivered strategically to balance the financial capacity of stakeholders and the needs of an emerging community.

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|--------------------|-----------------|---|---|
| Statutory planning | Decision making | Council planning decisions upheld at VCAT. (Percentage of planning application decisions subject to review by VCAT and that were not set aside) | [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 |

2.2 Strategic Theme 2: Valuing The Natural and Built Environment

We will protect our natural environment and communities, by maintaining and providing resilient infrastructure, and being leaders in sustainable living, modelling innovation and best practice.

Services

| Service area | Description of services provided | | 2020/21 Actual \$'000 | 2021/22 Forecast \$'000 | 2022/23 Budget \$'000 |
|-----------------------------|--|------------|-----------------------------|-------------------------------|-----------------------------|
| Emergency Management | This service provides for the necessary support for the community in the case of an emergency event occurring. | <i>Exp</i> | 1,004 | 710 | 254 |
| | | <i>Rev</i> | (5) | (14) | (14) |
| | | NET | 999 | 696 | 240 |
| Environment | This service provides for management of our natural environment to the betterment and enjoyment of all members of our community. | <i>Exp</i> | 583 | 639 | 659 |
| | | <i>Rev</i> | (0) | (1) | (1) |
| | | NET | 583 | 638 | 658 |
| Infrastructure Services | This service provides for the physical assets required by the community to maintain a happy, healthy and sustainable lifestyle. | <i>Exp</i> | 6,935 | 6,725 | 6,771 |
| | | <i>Rev</i> | (476) | (766) | (571) |
| | | NET | 6,459 | 5,959 | 6,200 |
| Parks, Gardens and Reserves | This service provides for the maintenance of open space for the enjoyment of all community members. | <i>Exp</i> | 1,320 | 2,260 | 2,267 |
| | | <i>Rev</i> | (0) | - | (1) |
| | | NET | 1,320 | 2,260 | 2,266 |
| Waste Management | This service provides for the efficient and effective control of waste products produced by our community. It includes the provision of waste collection services as well as for disposal to landfill. | <i>Exp</i> | 3,693 | 5,761 | 5,039 |
| | | <i>Rev</i> | (3,209) | (3,421) | (3,722) |
| | | NET | 484 | 2,340 | 1,317 |

Major Initiatives

Ongoing commitment to the natural and built environment

Council recognises the importance of greening our urban streets, for our ecosystem and our community. The Budget 2022/23 will support tree planting in our streetscapes, supporting the ecosystem but also helping urban cooling in years ahead.

Council's budget supports the development of our Environment Strategy and Climate Change Action Plan which are recognised initiatives in the Council Plan 2021-2025.

Remaining Carbon Neutral

The Budget 2022/23 also introduces an ongoing financial commitment to Council achieving its Carbon Neutral Target in the years ahead.

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|------------------|-----------------|---|---|
| Roads | Satisfaction | Satisfaction with sealed local roads. (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads) | Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads. |
| Waste collection | Waste diversion | Kerbside collection waste diverted from landfill. (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill) | [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 |

2.3 Strategic Theme 3: Healthy and Inclusive Community

We will continue to be a great place to live. We embrace our diverse community, take care of our older community and prepare our children for success. We care for each other, are friendly and welcoming, and enjoy a vibrant and active lifestyle. We are a small population with big hearts.

Services

| Service area | Description of services provided | | 2020/21 Actual \$'000 | 2021/22 Forecast \$'000 | 2022/23 Budget \$'000 |
|-------------------------------------|--|------------|-----------------------------|-------------------------------|-----------------------------|
| Arts & Culture | This service is responsible for the management and provision of arts and cultural services to the community. This service is responsible for the running of the Colac Otway Performing Arts & Cultural Centre. | <i>Exp</i> | 505 | 937 | 929 |
| | | <i>Rev</i> | (368) | (261) | (399) |
| | | NET | 138 | 675 | 531 |
| Leisure Centres | This service actively promotes a healthy lifestyle for our community by directly providing swimming and gymnasium facilities. | <i>Exp</i> | 1,638 | 1,942 | 2,215 |
| | | <i>Rev</i> | (616) | (1,147) | (1,534) |
| | | NET | 1,022 | 796 | 679 |
| Children and Family Services | This service provides support to our children, families and youth to encourage and nurture their growth and development. | <i>Exp</i> | 1,078 | 1,854 | 1,171 |
| | | <i>Rev</i> | (792) | (1,047) | (822) |
| | | NET | 286 | 808 | 349 |
| Healthy Active Communities | This service provides the delivery of high quality, sustainable community health and wellbeing services that lead to a healthier and more active community. | <i>Exp</i> | 1,053 | 1,164 | 789 |
| | | <i>Rev</i> | (139) | (170) | (108) |
| | | NET | 914 | 994 | 682 |
| Library Services | The library service provides resources and oversight to the Corangamite Regional Library Corporation for the provision of information, education, recreation and enrichment for the community. | <i>Exp</i> | 813 | 857 | 941 |
| | | <i>Rev</i> | (40) | (1) | - |
| | | NET | 774 | 856 | 941 |
| Local Laws | This service provides for community safety and health by providing for a framework for behaviours which affect our community well-being. | <i>Exp</i> | 739 | 736 | 866 |
| | | <i>Rev</i> | (346) | (136) | (364) |
| | | NET | 393 | 600 | 502 |
| Older Persons & Disability Services | This service provides support to older and disabled members of our community in order to sustain quality of life for all our residents. | <i>Exp</i> | 3,587 | 4,059 | 5,039 |
| | | <i>Rev</i> | (5,287) | (4,777) | (5,278) |
| | | NET | - 1,700 | - 718 | - 239 |
| Public Health | This service promotes a healthy and safe lifestyle by actively promoting and policing public health issues. | <i>Exp</i> | 478 | 534 | 523 |
| | | <i>Rev</i> | (121) | (279) | (254) |
| | | NET | 357 | 255 | 269 |
| Recreation | This service provides for active community involvement and the promotion of healthy lifestyles by providing for suitable sporting and recreational facilities. | <i>Exp</i> | 306 | 369 | 335 |
| | | <i>Rev</i> | 23 | (80) | - |
| | | NET | 329 | 289 | 335 |

Major Initiatives

Ongoing commitment to a healthy and inclusive community

Council recognises that the Colac Botanic Gardens is a special place for the community and visitors, where people can live, play and learn. The Budget 2022/23 will ensure that the Botanic Gardens thrives for decades to come through investment in a Masterplan Review to protect its natural assets and allow it to flourish in the future.

The Budget 2022/23 will fund tile replacement, roof renewal and concourse re-surfacing at the Bluewater Leisure Centre through coordinated works that minimise disruption to users. Council will also undertake detailed design for the Elliminyt Recreation Reserve Pavilion to prepare for future investment in active recreation and social connection.

Caring for our older persons

The Budget 2022/23 incorporates continued growth in the delivery of services to our aged community. This important service provides essential care for our aging community, supporting people to age safely in their own homes for as long as possible.

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|---------------------------|-------------------|---|--|
| Libraries | Participation | Active library members. (Percentage of the municipal population that are active library members) | [Number of active library members / municipal population] x100 |
| Maternal and Child Health | Participation | Participation in the MCH service. (Percentage of children enrolled who participate in the MCH service) | [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 |
| | | Participation in MCH service by Aboriginal children. (Percentage of Aboriginal children enrolled who participate in the MCH service) | [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 |
| Animal Management | Health and safety | Animal management prosecutions. (Number of successful animal management prosecutions) | Number of successful animal management prosecutions |
| Food safety | Health and safety | Critical and major non-compliance notifications. (Percentage of critical and major non-compliance notifications that are followed up by Council) | [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 |
| Aquatic Facilities | Utilisation | Utilisation of aquatic facilities. (Number of visits to aquatic facilities per head of municipal population) | Number of visits to aquatic facilities / Municipal population |

2.4 Strategic Theme 4: Strong Leadership & Management

We will be leaders in good governance, transparency and strive for ongoing improvement.

Services

| Service area | Description of services provided | | 2020/21 Actual \$'000 | 2021/22 Forecast \$'000 | 2022/23 Budget \$'000 |
|---------------------------------|--|------------|-----------------------------|-------------------------------|-----------------------------|
| Councillors and Chief Executive | This area of governance includes the Mayor, Councillors, Chief Executive Officer, Business Improvement Officer and Public Relations Team and associated support which cannot be easily attributed to the direct service provision areas. | <i>Exp</i> | 1,756 | 1,801 | 1,820 |
| | | <i>Rev</i> | (11) | (5) | (1) |
| | | NET | 1,745 | 1,796 | 1,819 |
| Finance, Property and Rates | This service has the responsibility to generate revenue for Council via rate, levies and charges and to provide sustainable and accountable financial management of Council's resources. | <i>Exp</i> | 1,556 | 1,712 | 1,694 |
| | | <i>Rev</i> | (7,663) | (7,290) | (5,314) |
| | | NET | (6,108) | (5,578) | (3,621) |
| Customer Service | This service has the responsibility to provide the first point of contact between Council and the public through Council's Customer Service Centres. The service provides overall corporate customer service to the wider community and assists all areas of Council with the provision of corporate responsibility. | <i>Exp</i> | 448 | 481 | 575 |
| | | <i>Rev</i> | - | - | - |
| | | NET | 448 | 481 | 575 |
| Corporate Services Management | This service has the responsibility to maintain strong governance and administrative systems and to ensure that these systems are responsive, accountable and transparent to internal users and community needs. | <i>Exp</i> | 1,456 | 610 | 576 |
| | | <i>Rev</i> | (13) | (15) | (16) |
| | | NET | 1,443 | 595 | 560 |
| Contract Management | This service provides oversight and governance on contractual and procurement services undertaken by Council | <i>Exp</i> | 260 | 269 | 279 |
| | | <i>Rev</i> | - | - | - |
| | | NET | 260 | 269 | 279 |
| Information Services | This services provides management and governance of information flows, storage and retrieval within the organisation in accordance with appropriate legislation and standards. | <i>Exp</i> | 2,346 | 2,918 | 2,729 |
| | | <i>Rev</i> | - | - | - |
| | | NET | 2,346 | 2,918 | 2,729 |
| People, Performance & Culture | This service provides and develops a cultural of high performance, productivity and accountability across the organisation. | <i>Exp</i> | 727 | 722 | 780 |
| | | <i>Rev</i> | - | - | - |
| | | NET | 727 | 722 | 780 |
| Risk Management Services | This service has the responsibility to identify, record and manage all business risk associated with Council's activities. This service manages Council's insurance portfolio. | <i>Exp</i> | 874 | 854 | 1,165 |
| | | <i>Rev</i> | (104) | (115) | (115) |
| | | NET | 770 | 739 | 1,050 |

Major Initiatives

Ongoing commitment to strong leadership and management

Council will continue to display strong leadership and management in 2022/23 with a range of significant projects to be funded.

Council will undertake a four yearly planning scheme review. This will assess the performance of Council's planning scheme to meet legislative requirements and identify improvements to the planning scheme, as well as establish a forward-looking strategic planning work program. The Planning Scheme will also be made more efficient with additional VicSmart provisions to be incorporated into the Planning Scheme. This project involves the identification of planning permit triggers which can be removed and identify permit triggers that can be reclassified as VicSmart to streamline assessment time lines.

Council will continue to grow its asset management capabilities, undertaking asset condition assessments for drainage and open space in 2022/23. Over recent years Council has made a significant investment into improving its asset management regime. This work is vitally important to ensure Council's asset portfolio is maintained at a level to meet the ongoing demands of the community now and into the future. Part of this important work includes condition assessments across each of Council's asset classes.

Improving the customer experience

The most significant project under this theme will be the implementation of a new Customer Request System (CRS). A good CRS is a vital tool to assist with the effective and efficient operations of Council. For a number of years Council has persisted with a system that is lacking in its capacity to deliver to a satisfactory level. The new system will be user friendly, provide good efficiencies, greatly improved response times, integration opportunities and offer improved front end engagement with ratepayers. Council has determined that significantly improved benefits can be gained with the implementation of a new CRS, ensuring that customer requests for service are captured, tracked and completed.

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|------------|--------------|--|---|
| Governance | Satisfaction | Satisfaction with Council decisions. (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community) | Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community |

2.5 Reconciliation with budgeted operating result

| | Net Cost (Revenue) | Expenditure | Revenue |
|---|-----------------------|---------------|-----------------|
| | \$'000 | \$'000 | \$'000 |
| Strong and Resilient Economy | 4,715 | 7,468 | (2,754) |
| Valuing The Natural and Built Environment | 10,681 | 14,989 | (4,308) |
| Healthy and Inclusive Community | 4,049 | 12,809 | (8,758) |
| Strong Leadership & Management | 4,173 | 9,618 | (5,446) |
| Total | 23,618 | 44,884 | (21,266) |
| Expenses added in: | | | |
| Depreciation | 11,076 | | |
| Amortisation - right of use assets | 24 | | |
| Finance costs | 57 | | |
| Deficit before funding sources | 34,775 | | |
| Funding sources added in: | | | |
| Rates and charges revenue (excluding Waste) | (30,319) | | |
| Capital grants | (4,928) | | |
| Total funding sources | (35,247) | | |
| Operating (surplus)/deficit for the year | (472) | | |

3. Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2022/23 has been supplemented with projections to 2025/26.

This section includes the following financial statements prepared in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

Comprehensive Income Statement
Balance Sheet
Statement of Changes in Equity
Statement of Cash Flows
Statement of Capital Works
Statement of Human Resources

3.1 Comprehensive Income Statement

For the four years ending 30 June 2026

| | NOTES | Forecast | Budget | Projections | | |
|---|--------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 |
| Income | | | | | | |
| Rates and charges | 4.1.1 | 32,773 | 33,726 | 34,486 | 35,412 | 36,358 |
| Statutory fees and fines | 4.1.2 | 826 | 866 | 851 | 864 | 877 |
| User fees | 4.1.3 | 6,548 | 7,526 | 7,753 | 7,870 | 7,988 |
| Grants - Operating | 4.1.4 | 19,033 | 9,030 | 10,962 | 11,180 | 11,401 |
| Grants - Capital | 4.1.4 | 6,619 | 4,928 | 1,746 | 1,789 | 1,834 |
| Contributions - monetary | 4.1.5 | 420 | 25 | 25 | 25 | 25 |
| Contributions - non-monetary | 4.1.5 | - | - | - | - | - |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | | (142) | 25 | - | - | - |
| Share of net profits/(losses) of associates and joint ventures | | 30 | (68) | - | - | - |
| Other income | 4.1.6 | 540 | 365 | 376 | 382 | 387 |
| Total income | | 66,648 | 56,423 | 56,200 | 57,520 | 58,870 |
| Expenses | | | | | | |
| Employee costs | 4.1.7 | 21,868 | 23,911 | 24,509 | 25,121 | 25,749 |
| Materials and services | 4.1.8 | 28,917 | 19,354 | 19,424 | 19,715 | 20,011 |
| Depreciation | 4.1.9 | 10,900 | 11,076 | 11,200 | 11,300 | 11,400 |
| Amortisation - right of use assets | 4.1.10 | 24 | 24 | 17 | - | - |
| Bad and doubtful debts | | 20 | 20 | 20 | 20 | 20 |
| Borrowing costs | | 39 | 32 | 5 | 3 | 1 |
| Finance Costs - leases | | 139 | 25 | - | - | - |
| Other expenses | 4.1.11 | 1,559 | 1,509 | 1,296 | 1,070 | 843 |
| Total expenses | | 63,466 | 55,952 | 56,473 | 57,229 | 58,025 |
| Surplus/(deficit) for the year | | 3,183 | 472 | (273) | 291 | 846 |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified to surplus or deficit in future periods | | | | | | |
| Net asset revaluation increment | | - | - | - | - | - |
| /(decrement) | | - | - | - | - | - |
| Share of other comprehensive income of associates and joint ventures | | - | - | - | - | - |
| Items that may be reclassified to surplus or deficit in future periods (detail as appropriate) | | | | | | |
| | | - | - | - | - | - |
| Total other comprehensive income | | - | - | - | - | - |
| Total comprehensive result | | 3,183 | 472 | (273) | 291 | 846 |

3.2 Balance Sheet

For the four years ending 30 June 2026

| | NOTES | Forecast | Budget | Projections | | |
|---|-------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | | 15,999 | 14,234 | 16,165 | 17,873 | 19,810 |
| Trade and other receivables | | 3,819 | 2,748 | 1,516 | 1,556 | 1,593 |
| Inventories | | 140 | 175 | 175 | 175 | 175 |
| Other assets | | 533 | 366 | 366 | 366 | 366 |
| Total current assets | 4.2.1 | 20,491 | 17,522 | 18,222 | 19,970 | 21,944 |
| Non-current assets | | | | | | |
| Property, infrastructure, plant & equipment | | 380,816 | 381,888 | 379,809 | 378,253 | 377,013 |
| Investments in associates, joint arrangement and subsidiaries | | 467 | 399 | 399 | 399 | 399 |
| Right-of-use assets | 4.2.4 | 41 | 17 | - | - | - |
| Total non-current assets | 4.2.1 | 381,324 | 382,305 | 380,208 | 378,652 | 377,412 |
| Total assets | | 401,815 | 399,827 | 398,430 | 398,622 | 399,356 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Trade and other payables | | 8,374 | 5,685 | 4,943 | 5,031 | 5,107 |
| Trust funds and deposits | | 678 | 1,147 | 1,147 | 1,147 | 1,147 |
| Provisions | | 4,871 | 4,871 | 4,784 | 4,784 | 4,784 |
| Interest-bearing liabilities | 4.2.3 | 596 | 125 | 127 | 129 | - |
| Lease liabilities | 4.2.4 | 24 | 18 | - | - | - |
| Total current liabilities | 4.2.2 | 14,543 | 11,846 | 11,001 | 11,090 | 11,038 |
| Non-current liabilities | | | | | | |
| Provisions | | 5,792 | 5,792 | 5,819 | 5,759 | 5,699 |
| Interest-bearing liabilities | 4.2.3 | - | 255 | 129 | - | - |
| Lease liabilities | 4.2.4 | 18 | - | - | - | - |
| Total non-current liabilities | 4.2.2 | 5,810 | 6,047 | 5,948 | 5,759 | 5,699 |
| Total liabilities | | 20,353 | 17,894 | 16,948 | 16,849 | 16,737 |
| Net assets | | 381,462 | 381,933 | 381,481 | 381,773 | 382,618 |
| Equity | | | | | | |
| Accumulated surplus | | 141,510 | 143,759 | 143,306 | 143,598 | 144,443 |
| Reserves | | 239,951 | 238,174 | 238,175 | 238,175 | 238,175 |
| Total equity | | 381,462 | 381,933 | 381,481 | 381,773 | 382,618 |

3.3 Statement of Changes in Equity

For the four years ending 30 June 2026

| | NOTES | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|--|-------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| 2022 Forecast Actual | | | | | |
| Balance at beginning of the financial year | | 378,279 | 130,794 | 224,584 | 22,901 |
| Impact of adoption of new accounting standards | | - | - | - | - |
| Adjusted opening balance | | 378,279 | 130,794 | 224,584 | 22,901 |
| Surplus/(deficit) for the year | | 3,183 | 3,183 | - | - |
| Net asset revaluation increment/(decrement) | | - | - | - | - |
| Transfers to other reserves | | - | (9,807) | - | 9,807 |
| Transfers from other reserves | | - | 17,340 | - | (17,340) |
| Balance at end of the financial year | | 381,462 | 141,510 | 224,584 | 15,367 |
| 2023 Budget | | | | | |
| Balance at beginning of the financial year | | 381,462 | 141,510 | 224,584 | 15,367 |
| Surplus/(deficit) for the year | | 472 | 472 | - | - |
| Net asset revaluation increment/(decrement) | | - | - | - | - |
| Transfers to other reserves | 4.3.1 | - | (6,987) | - | 6,987 |
| Transfers from other reserves | 4.3.1 | - | 8,764 | - | (8,764) |
| Balance at end of the financial year | 4.3.2 | 381,933 | 143,759 | 224,584 | 13,590 |
| 2024 | | | | | |
| Balance at beginning of the financial year | | 381,933 | 143,759 | 224,584 | 13,590 |
| Surplus/(deficit) for the year | | (271) | (271) | - | - |
| Net asset revaluation increment/(decrement) | | - | - | - | - |
| Transfers to other reserves | | - | - | - | - |
| Transfers from other reserves | | - | - | - | - |
| Balance at end of the financial year | | 381,662 | 143,488 | 224,584 | 13,590 |
| 2025 | | | | | |
| Balance at beginning of the financial year | | 381,662 | 143,488 | 224,584 | 13,590 |
| Surplus/(deficit) for the year | | 291 | 291 | - | - |
| Net asset revaluation increment/(decrement) | | - | - | - | - |
| Transfers to other reserves | | - | - | - | - |
| Transfers from other reserves | | - | - | - | - |
| Balance at end of the financial year | | 381,954 | 143,779 | 224,584 | 13,590 |
| 2026 | | | | | |
| Balance at beginning of the financial year | | 381,954 | 143,779 | 224,584 | 13,590 |
| Surplus/(deficit) for the year | | 846 | 846 | - | - |
| Net asset revaluation increment/(decrement) | | - | - | - | - |
| Transfers to other reserves | | - | - | - | - |
| Transfers from other reserves | | - | - | - | - |
| Balance at end of the financial year | | 382,799 | 144,625 | 224,584 | 13,590 |

3.4 Statement of Cash Flows

For the four years ending 30 June 2026

| | Notes | Forecast | Budget | Projections | | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 |
| | | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) |
| Cash flows from operating activities | | | | | | |
| Rates and charges | | 32,660 | 34,860 | 35,230 | 35,371 | 36,320 |
| Statutory fees and fines | | 826 | 866 | 869 | 863 | 876 |
| User fees | | 6,548 | 7,526 | 7,921 | 7,863 | 7,982 |
| Grants - operating | | 19,015 | 9,114 | 11,199 | 11,169 | 11,391 |
| Grants - capital | | 6,619 | 4,928 | 1,784 | 1,787 | 1,832 |
| Contributions - monetary | | 420 | 25 | 25 | 25 | 25 |
| Trust funds and deposits taken | | - | 469 | - | - | - |
| Other receipts | | 540 | 365 | 385 | 381 | 387 |
| Employee costs | | (21,868) | (23,911) | (24,910) | (25,047) | (25,681) |
| Materials and services | | (28,966) | (22,078) | (19,742) | (19,677) | (19,979) |
| Trust funds and deposits repaid | | (63) | - | - | - | - |
| Other payments | | (1,559) | (1,509) | (1,378) | (1,154) | (928) |
| Net cash provided by/(used in) operating activities | 4.4.1 | 14,172 | 10,656 | 11,382 | 11,581 | 12,226 |
| Cash flows from investing activities | | | | | | |
| Payments for property, infrastructure, plant and equipment | | (20,236) | (12,334) | (9,346) | (9,744) | (10,160) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 1,155 | 210 | - | - | - |
| Net cash provided by/ (used in) investing activities | 4.4.2 | (19,081) | (12,124) | (9,346) | (9,744) | (10,160) |
| Cash flows from financing activities | | | | | | |
| Finance costs | | (39) | (32) | (5) | (3) | (1) |
| Proceeds from borrowings | | - | 380 | | | |
| Repayment of borrowings | | (209) | (596) | (125) | (127) | (129) |
| Interest paid - lease liability | | (139) | (25) | - | - | - |
| Repayment of lease liabilities | | (664) | (24) | (18) | - | - |
| Net cash provided by/(used in) financing activities | 4.4.3 | (1,051) | (296) | (149) | (130) | (130) |
| Net increase/(decrease) in cash & cash equivalents | | (5,959) | (1,765) | 1,887 | 1,708 | 1,937 |
| Cash and cash equivalents at the beginning of the financial year | | 21,958 | 15,999 | 14,234 | 16,121 | 17,829 |
| Cash and cash equivalents at the end of the financial year | | 15,999 | 14,234 | 16,121 | 17,829 | 19,765 |

3.5 Statement of Capital Works

For the four years ending 30 June 2026

| | Notes | Forecast | Budget | Projections | | |
|--|-------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2021/22 \$'000 | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 |
| Property | | | | | | |
| Land | | - | - | - | - | - |
| Buildings | | 1,442 | 984 | 784 | 819 | 856 |
| Total land & Buildings | | 1,442 | 984 | 784 | 819 | 856 |
| Total property | 4.5.2 | 1,442 | 984 | 784 | 819 | 856 |
| Plant and equipment | | | | | | |
| Plant, machinery and equipment | | 2,205 | 1,537 | 1,606 | 1,678 | 1,754 |
| Fixtures, fittings and furniture | | 22 | - | - | - | - |
| Computers and telecommunications | | 103 | 455 | 387 | 404 | 422 |
| Total plant and equipment | 4.5.2 | 2,330 | 1,992 | 1,993 | 2,082 | 2,176 |
| Infrastructure | | | | | | |
| Roads | | 8,126 | 4,235 | 4,213 | 4,403 | 4,601 |
| Bridges | | 2,239 | 984 | 1,028 | 1,075 | 1,123 |
| Footpaths and cycleways | | 1,477 | 191 | 187 | 195 | 204 |
| Drainage | | 977 | 140 | 94 | 98 | 103 |
| Other infrastructure | | 3,643 | 3,808 | 1,047 | 1,071 | 1,097 |
| Total infrastructure | 4.5.2 | 16,463 | 9,358 | 6,569 | 6,842 | 7,128 |
| Total capital works expenditure | | 20,236 | 12,334 | 9,346 | 9,744 | 10,160 |
| Represented by: | | | | | | |
| New asset expenditure | | 659 | 158 | 250 | 250 | 250 |
| Asset renewal expenditure | | 15,087 | 8,690 | 8,846 | 9,244 | 9,660 |
| Asset upgrade expenditure | | 4,490 | 3,486 | 250 | 250 | 250 |
| Total capital works expenditure | | 20,236 | 12,334 | 9,346 | 9,744 | 10,160 |
| Funding Sources represented by: | | | | | | |
| Grants | | 6,803 | 4,928 | 1,746 | 1,789 | 1,834 |
| Contributions | | 120 | - | - | - | - |
| Council Cash | | 13,313 | 7,406 | 7,600 | 7,955 | 8,326 |
| Borrowings | | - | - | - | - | - |
| Total capital works expenditure | | 20,236 | 12,334 | 9,346 | 9,744 | 10,160 |

3.6 Statement of Human Resources

For the four years ending 30 June 2026

| | Forecast | Budget | Projections | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Staff expenditure | | | | | |
| Employee costs - operating | 21,868 | 23,911 | 24,509 | 25,121 | 25,749 |
| Employee costs - capital | 954 | 1,119 | 860 | 925 | 965 |
| Total staff expenditure | 22,822 | 25,030 | 25,369 | 26,046 | 26,714 |
| | FTE | FTE | FTE | FTE | FTE |
| Staff numbers | | | | | |
| Employees | 238.4 | 253.0 | 253.0 | 253.0 | 253.0 |
| Total staff numbers | 238.4 | 253.0 | 253.0 | 253.0 | 253.0 |

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

| Department | Budget 2022/23 \$'000 | Comprises | | | |
|--|-----------------------------|---------------------|---------------------|------------|----------|
| | | Permanent | | Casual | Temp |
| | | Full Time \$'000 | Part time \$'000 | \$'000 | \$'000 |
| Chief Executive Office | 763 | 661 | 103 | - | - |
| Corporate Services | 3,703 | 3,052 | 652 | - | - |
| Development and Community Services | 9,628 | 4,536 | 4,545 | 548 | - |
| Environment and Infrastructure Services | 9,817 | 9,261 | 557 | - | - |
| Total permanent staff expenditure | 23,911 | 17,510 | 5,857 | 548 | - |
| Capitalised labour costs | 1,119 | | | | |
| Total expenditure | 25,030 | | | | |

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

| Department | Budget 2022/23 | Comprises | | | |
|---|-------------------|------------|-----------|----------|----------|
| | | Permanent | | Casual | Temp |
| | | Full Time | Part time | | |
| Chief Executive Office | 8 | 7 | 1 | - | - |
| Corporate Services | 39 | 32 | 7 | - | - |
| Development and Community Services | 102 | 48 | 48 | 6 | - |
| Environment and Infrastructure Services | 104 | 98 | 6 | - | - |
| Total staff | 253 | 185 | 62 | 6 | - |

3.7 Summary of Planned Human Resources Expenditure

For the four years ending 30 June 2026

| | 2022/23 \$'000 | 2023/24 \$'000 | 2024/25 \$'000 | 2025/26 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|
| Chief Executive Office | | | | |
| Permanent - Full time | 661 | 653 | 669 | 685 |
| Women | 661 | 653 | 669 | 685 |
| Men | 0 | 0 | 0 | 0 |
| Self-described gender | 0 | 0 | 0 | 0 |
| Permanent - Part time | 104 | 103 | 105 | 108 |
| Women | 104 | 103 | 105 | 108 |
| Men | 0 | 0 | 0 | 0 |
| Self-described gender | 0 | 0 | 0 | 0 |
| Total Chief Executive Office | 765 | 756 | 774 | 792 |
| Corporate Services | | | | |
| Permanent - Full time | 3,051 | 3,015 | 3,085 | 3,160 |
| Women | 1,946 | 1,923 | 1,968 | 2,015 |
| Men | 756 | 747 | 764 | 783 |
| Self-described gender | 350 | 345 | 353 | 362 |
| Permanent - Part time | 652 | 644 | 659 | 675 |
| Women | 491 | 485 | 497 | 509 |
| Men | 0 | 0 | 0 | 0 |
| Self-described gender | 161 | 159 | 162 | 166 |
| Total Corporate Services | 3,703 | 3,660 | 3,744 | 3,835 |
| Development and Community Services | | | | |
| Permanent - Full time | 4,535 | 4,481 | 4,585 | 4,696 |
| Women | 2,645 | 2,614 | 2,674 | 2,739 |
| Men | 1,512 | 1,494 | 1,528 | 1,565 |
| Self-described gender | 378 | 373 | 382 | 391 |
| Permanent - Part time | 4,544 | 4,490 | 4,594 | 4,706 |
| Women | 3,760 | 3,716 | 3,801 | 3,894 |
| Men | 444 | 439 | 449 | 460 |
| Self-described gender | 340 | 336 | 344 | 352 |
| Total Development and Community Services | 9,079 | 8,972 | 9,179 | 9,402 |
| Environment and Infrastructure Services | | | | |
| Permanent - Full time | 9,258 | 9,149 | 9,360 | 9,588 |
| Women | 1,323 | 1,307 | 1,337 | 1,370 |
| Men | 7,180 | 7,095 | 7,259 | 7,435 |
| Self-described gender | 756 | 747 | 764 | 783 |
| Permanent - Part time | 557 | 551 | 564 | 577 |
| Women | 312 | 308 | 315 | 323 |
| Men | 0 | 0 | 0 | 0 |
| Self-described gender | 246 | 243 | 248 | 254 |
| Total Environment and Infrastructure Services | 9,816 | 9,700 | 9,924 | 10,165 |
| Casuals, temporary and other expenditure | 548 | 562 | 576 | 590 |
| Capitalised labour costs | 1,119 | 860 | 925 | 965 |
| Total staff expenditure | 25,030 | 24,509 | 25,121 | 25,749 |

| | 2022/23 FTE | 2023/24 FTE | 2024/25 FTE | 2025/26 FTE |
|--|----------------|----------------|----------------|----------------|
| Chief Executive Office | | | | |
| Permanent - Full time | 7.0 | 7.0 | 7.0 | 7.0 |
| Women | 7.0 | 7.0 | 7.0 | 7.0 |
| Men | 0.0 | 0.0 | 0.0 | 0.0 |
| Self-described gender | 0.0 | 0.0 | 0.0 | 0.0 |
| Permanent - Part time | 1.1 | 1.1 | 1.1 | 1.1 |
| Women | 1.1 | 1.1 | 1.1 | 1.1 |
| Men | 0.0 | 0.0 | 0.0 | 0.0 |
| Self-described gender | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Chief Executive Office | 8.1 | 8.1 | 8.1 | 8.1 |
| Corporate Services | | | | |
| Permanent - Full time | 32.3 | 32.3 | 32.3 | 32.3 |
| Women | 20.6 | 20.6 | 20.6 | 20.6 |
| Men | 8.0 | 8.0 | 8.0 | 8.0 |
| Self-described gender | 3.7 | 3.7 | 3.7 | 3.7 |
| Permanent - Part time | 6.9 | 6.9 | 6.9 | 6.9 |
| Women | 5.2 | 5.2 | 5.2 | 5.2 |
| Men | 0.0 | 0.0 | 0.0 | 0.0 |
| Self-described gender | 1.7 | 1.7 | 1.7 | 1.7 |
| Total Corporate Services | 39.2 | 39.2 | 39.2 | 39.2 |
| Development and Community Services | | | | |
| Permanent - Full time | 48.0 | 48.0 | 48.0 | 48.0 |
| Women | 28.0 | 28.0 | 28.0 | 28.0 |
| Men | 16.0 | 16.0 | 16.0 | 16.0 |
| Self-described gender | 4.0 | 4.0 | 4.0 | 4.0 |
| Permanent - Part time | 48.1 | 48.1 | 48.1 | 48.1 |
| Women | 39.8 | 39.8 | 39.8 | 39.8 |
| Men | 4.7 | 4.7 | 4.7 | 4.7 |
| Self-described gender | 3.6 | 3.6 | 3.6 | 3.6 |
| Total Development and Community Services | 96.1 | 96.1 | 96.1 | 96.1 |
| Environment and Infrastructure Services | | | | |
| Permanent - Full time | 98.0 | 98.0 | 98.0 | 98.0 |
| Women | 14.0 | 14.0 | 14.0 | 14.0 |
| Men | 76.0 | 76.0 | 76.0 | 76.0 |
| Self-described gender | 8.0 | 8.0 | 8.0 | 8.0 |
| Permanent - Part time | 5.9 | 5.9 | 5.9 | 5.9 |
| Women | 3.3 | 3.3 | 3.3 | 3.3 |
| Men | 0.0 | 0.0 | 0.0 | 0.0 |
| Self-described gender | 2.6 | 2.6 | 2.6 | 2.6 |
| Total Environment and Infrastructure Services | 103.9 | 103.9 | 103.9 | 103.9 |
| Casuals and temporary staff | 0.8 | 0.8 | 0.8 | 0.8 |
| Capitalised labour | 5.0 | 5.0 | 5.0 | 5.0 |
| Total staff numbers | 253.1 | 253.1 | 253.1 | 253.1 |

4. Notes to the financial statements

This section presents detailed information on material components of the financial statements. Council needs to assess which components are material, considering the dollar amounts and nature of these components.

4.1 Comprehensive Income Statement

4.1.1 Rates and charges

Rates and charges are required by the Act and the Regulations to be disclosed in Council's budget.

As per the Local Government Act 2020, Council is required to adopt a four year Revenue and Rating Plan which is a four year plan for how Council will generate income to deliver the Council Plan, program and services and capital works commitments over a four-year period.

In developing the Budget, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the financial planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2022/23 the FGRS cap has been set at 1.75%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the community.

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 1.75% in line with the rate cap.

The annual kerbside collection charge is budgeted to increase, with the weekly waste charge increasing by \$11 from \$308 to \$319 and the fortnightly waste charge by \$8 from \$235 to \$243.

4.1.1(a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:

| | 2021/22 Forecast \$'000 | 2022/23 Budget \$'000 | Change \$'000 | % |
|--|-------------------------------|-----------------------------|------------------|--------------|
| General rates* | 26,193 | 26,916 | 723 | 2.76% |
| Municipal charge* | 2,880 | 2,947 | 67 | 2.34% |
| Waste management charge | 3,211 | 3,407 | 196 | 6.1% |
| Special rates and charges | 22 | 23 | 1 | 2.27% |
| Supplementary rates and rate adjustments | 100 | 100 | 0 | - |
| Revenue in lieu of rates | 227 | 233 | 6 | 2.74% |
| Interest on rates and charges | 140 | 100 | (40) | (28.6%) |
| Total rates and charges | 32,773 | 33,726 | 953 | 2.91% |

*These items are subject to the rate cap established under the FGRS

4.1.1(b) The rate in the dollar to be levied as general rates under section 158 of the Act for each type or class of land compared with the previous financial year

| Type or class of land | 2021/22 cents/\$CIV | 2022/23 cents/\$CIV | Change |
|--|------------------------|------------------------|---------|
| Residential - Colac/Elliminyt | 0.003580 | 0.002860 | (20.1%) |
| Residential - Balance Of Shire | 0.003043 | 0.002431 | (20.1%) |
| Holiday Rental | 0.003580 | 0.002860 | (20.1%) |
| Rural Farm | 0.002685 | 0.002145 | (20.1%) |
| Commercial/Industrial - Colac/Elliminyt | 0.005907 | 0.004719 | (20.1%) |
| Commercial/Industrial - Balance Of Shire | 0.005012 | 0.004004 | (20.1%) |

4.1.1(c) The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

| Type or class of land | 2021/22 | 2022/23 | Change | |
|---|-------------------|-------------------|----------------|-------------|
| | \$ | \$ | \$ | % |
| Residential - Colac/Elliminyt | 7,519,246 | 7,558,740 | 39,494 | 0.5% |
| Residential - Balance Of Shire | 8,074,780 | 8,905,772 | 830,992 | 10.3% |
| Holiday Rental | 1,473,743 | 1,436,120 | (37,623) | (2.6%) |
| Rural Farm | 6,026,064 | 6,248,340 | 222,276 | 3.7% |
| Commercial/Industrial - Colac/Elliminyt | 2,112,455 | 1,852,769 | (259,686) | (12.3%) |
| Commercial/Industrial - Balance Of Shire | 986,778 | 913,857 | (72,921) | (7.4%) |
| Total amount to be raised by general rates | 26,193,066 | 26,915,598 | 722,532 | 2.8% |

4.1.1(d) The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year

| Type or class of land | 2021/22 | 2022/23 | Change | |
|--|---------------|---------------|------------|-------------|
| | Number | Number | Number | % |
| Residential - Colac/Elliminyt | 5,853 | 5,883 | 30 | 0.5% |
| Residential - Balance Of Shire | 5,342 | 5,460 | 118 | 2.2% |
| Holiday Rental | 618 | 567 | (51) | (8.3%) |
| Rural Farm | 2,838 | 2,857 | 19 | 0.7% |
| Commercial/Industrial - Colac/Elliminyt | 658 | 663 | 5 | 0.8% |
| Commercial/Industrial - Balance Of Shire | 328 | 330 | 2 | 0.6% |
| Total number of assessments | 15,637 | 15,760 | 123 | 0.8% |

4.1.1(e) The basis of valuation to be used is the Capital Improved Value (CIV).

4.1.1(f) The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

| Type or class of land | 2021/22 | 2022/23 | Change | |
|--|----------------------|-----------------------|----------------------|--------------|
| | \$ | \$ | \$ | % |
| Residential - Colac/Elliminyt | 2,100,348,000 | 2,642,916,000 | 542,568,000 | 25.8% |
| Residential - Balance Of Shire | 2,653,559,000 | 3,663,419,000 | 1,009,860,000 | 38.1% |
| Holiday Rental | 411,660,000 | 502,140,000 | 90,480,000 | 22.0% |
| Rural Farm | 2,244,344,000 | 2,912,979,000 | 668,635,000 | 29.8% |
| Commercial/Industrial - Colac/Elliminyt | 357,619,000 | 392,619,000 | 35,000,000 | 9.8% |
| Commercial/Industrial - Balance Of Shire | 196,883,000 | 228,236,000 | 31,353,000 | 15.9% |
| Total value of land | 7,964,413,000 | 10,342,309,000 | 2,377,896,000 | 29.9% |

4.1.1(g) The municipal charge under Section 159 of the Act compared with the previous financial year

| Type of Charge | Per Rateable Property 2021/22 | Per Rateable Property 2022/23 | Change | |
|------------------|-------------------------------|-------------------------------|--------|------|
| | \$ | \$ | \$ | % |
| Municipal Charge | 195 | 198 | 3 | 1.5% |

4.1.1(h) The estimated total amount to be raised by municipal charges compared with the previous financial year

| Type of Charge | 2021/22 | 2022/23 | Change | |
|------------------|-----------|-----------|--------|------|
| | \$ | \$ | \$ | % |
| Municipal Charge | 2,879,955 | 2,947,428 | 67,473 | 2.3% |

4.1.1(i) The rate or unit amount to be levied for each type of service rate or charge under Section 162 of the Act compared with the previous financial year

| Type of Charge | Per Rateable Property | Per Rateable Property | Change | |
|---------------------------------|-----------------------|-----------------------|--------|------|
| | 2021/22 | 2022/23 | \$ | % |
| Weekly Kerbside collection | 308 | 319 | 11 | 3.6% |
| Fortnightly Kerbside collection | 235 | 243 | 8 | 3.4% |

4.1.1(j) The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

| Type of Charge | 2021/22 | 2022/23 | Change | |
|---------------------------------|------------------|------------------|----------------|-------------|
| | \$ | \$ | \$ | % |
| Weekly Kerbside collection | 3,171,784 | 3,366,088 | 194,304 | 6.1% |
| Fortnightly Kerbside collection | 39,245 | 41,067 | 1,822 | 4.6% |
| Total | 3,211,029 | 3,407,155 | 196,126 | 6.1% |

4.1.1(k) The estimated total amount to be raised by all rates and charges compared with the previous financial year

| | 2021/22 | 2022/23 | Change | |
|-----------------------------------|-------------------|-------------------|----------------|-------------|
| | \$ | \$ | \$ | % |
| General rates | 26,193,065 | 26,915,598 | 722,533 | 2.8% |
| Municipal charge | 2,879,955 | 2,947,428 | 67,473 | 2.3% |
| Kerbside collection and recycling | 3,211,029 | 3,407,155 | 196,126 | 6.1% |
| Tirrengower Drainage Scheme | 22,500 | 22,500 | - | - |
| Total Rates and charges | 32,306,549 | 33,292,681 | 986,132 | 3.1% |

4.1.1(l) Fair Go Rates System Compliance

Colac Otway Shire Council is required to comply with the State Government's Fair Go Rates System (FGRS). The table below details the budget assumptions consistent with the requirements of the Fair Go Rates System.

| | 2021/22 | 2022/23 |
|--|---------------|---------------|
| Total Rates | \$ 28,646,750 | \$ 29,356,729 |
| Number of rateable properties | 15,637 | 15,760 |
| Base Average Rate | \$ 1,832 | \$ 1,863 |
| Maximum Rate Increase (set by the State Government) | 1.50% | 1.75% |
| Capped Average Rate | \$ 1,859 | \$ 1,895 |
| Maximum General Rates and Municipal Charges Revenue | \$ 29,076,451 | \$ 29,870,472 |
| Budgeted General Rates and Municipal Charges Revenue | \$ 29,073,020 | \$ 29,863,026 |
| Budgeted Supplementary Rates | \$ 100,000 | \$ 100,000 |
| Budgeted Total Rates and Municipal Charges Revenue | \$ 29,173,020 | \$ 29,963,026 |

4.1.1(m) Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (2022/23: estimated \$100,000 and 2021/22: \$100,000)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes of use of land such that rateable land becomes non-rateable land and vice versa
- Changes of use of land such that residential land becomes business land and vice versa.

4.1.1(n) Differential rates

The rate and amount of rates payable in relation to land in each category of differential are listed above in item 4.1.1(b).

Each differential rate will be determined by multiplying the Capital Improved Value of rateable land (categorised by the characteristics described below) by the relevant rate in the dollar listed above.

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

General Rates Charges

Please note, the following categories and differentials are subject to adoption of the Revenue and Rating Plan 2021 - 2025.

Residential – Colac/Elliminyt

Definition:

Any land, whether vacant or built upon, which is located in Colac, Colac East, Colac West and Elliminyt that is not zoned for commercial or industrial use and which does not have the characteristics of:

- a) Rural Farm Land;
- b) Holiday Rental Land; or
- c) Commercial/Industrial Land – Colac, Colac East, Colac West or Elliminyt.

and whose highest and best use is deemed to be as residential land.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined general rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

Types and Classes:

Rateable land having the relevant characteristics described below:

- a) used primarily for residential purposes,
- b) highest and best use is deemed to be as residential,
- c) any land that is not defined as Holiday rental land, Farm Land or Commercial/Industrial Land.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

100% of the base rate. This rating category is deemed to be the "base rate" due to it containing the majority of assessments.

Use of Land:

Any use permitted under the Colac Otway Shire Council Planning Scheme to be used for residential purposes.

Geographic Location:

In the localities of Colac, Colac East, Colac West and Elliminyt.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Colac Otway Shire Council Planning Scheme.

Types of Buildings:

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Residential – Balance of Shire

Definition:

Any land, whether vacant or built upon, which is located in Colac, Colac East, Colac West and Elliminyt that is not zoned for commercial or industrial use and which does not have the characteristics of:

- a) Rural Farm Land;
- b) Holiday Rental Land; or
- c) Commercial/Industrial Land – Colac, Colac East, Colac West or Elliminyt.

and whose highest and best use is deemed to be as residential land.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined general rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate of residential land. The vacant land affected by this rate is that which is zoned residential under the Colac Otway Shire Council Planning Scheme. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Rateable land having the relevant characteristics described below:

- a) used primarily for residential purposes,
- b) highest and best use is deemed to be as residential,
- c) any land that is not defined as Holiday rental land, Farm Land or Commercial/Industrial Land.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

85% of the base rate. The justification for this category to be rated at a lesser rate than the base rate is that properties in this category are:

- generally in smaller townships or rural areas;
- have less access to the full suite of services and amenities provided by Council; and
- due to small populations are generally less likely to attract expenditure by Council.

Use of Land:

Any use permitted under the Colac Otway Shire Council Planning Scheme to be used for residential purposes.

Geographic Location:

In the localities of Colac, Colac East, Colac West and Elliminyt.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Colac Otway Shire Council Planning Scheme.

Types of Buildings:

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Holiday Rental

Definition:

Any land that contains a dwelling, cabin or house or part of a house that:

- a) Is used for the provision of holiday accommodation for the purpose of generating income; or
- b) Is made generally available for holiday accommodation and is a secondary or supplemental source of income for the owner.

Note: Typically, the category will include absentee owned holiday houses publicly made available for short term accommodation for a tariff, owner occupied "Bed and Breakfast" establishments, farm properties with accommodation cabins, holiday farms and the like.

The category will not include:

- absentee owned holiday houses that are not publicly made available for hire but are used by family/friends of the owner for short term holiday accommodation, and
- land used to provide tourist/holiday accommodation on an overtly commercial scale and basis where the provision of accommodation is an integral part of the use of the property.

The types of properties excluded from this category would therefore include motels, resorts, hotels with accommodation, caravan parks, centrally managed and promoted multi-unit developments and the like.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined general rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

Characteristics:

Properties included in this rating category will be characterised by their use and/or availability for short term holiday accommodation for a tariff. The proportion of the year for which they are used for this purpose is not relevant.

The extent to which a property is let out for short term holiday accommodation will vary from property to property and will depend on a variety of factors.

A common factor however is the most property owners have the property set up as a business for taxation purposes.

Types and Classes:

Rateable land having the relevant characteristics described below:

- a) used for the provision of holiday accommodation for the purpose of generating income,
- b) Is made generally available for holiday accommodation and is a secondary or supplemental source of income for the owner.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

100% of the base rate. The justification for this category to be rated at the base rate is that

- the provision of short term holiday accommodation is generally conducted as a semi commercial activity, so rating these properties at the Commercial rate in the dollar would be unfair;
- There is also a wide variation as to the extent to which these properties are used for this purpose, so rating these properties at the Commercial rate in the dollar would be unfair and may force reluctant property owners to make the property available more often, possibly saturating the market and reducing returns able to be generated by many
- Use of these properties for this purpose tends to be seasonal

It is recognised however that:

- these properties are in direct competition with other holiday accommodation property types that are included in the Commercial rating category;
- owners of these properties benefit from using the property in this manner and that customers to these properties use facilities and infrastructure provided by the shire; and
- rates paid for properties in this category are generally a tax deductible expense.

It is therefore considered fair and equitable that these properties pay a rate in the dollar higher than the "Residential - Balance of Shire" rate in the dollar, but less than the Commercial rate in the dollar.

It is noted this means the Holiday rental properties in Colac/Elliminyt pay no more than the "Residential – Colac/Elliminyt" rate. Historically, there have been few properties in Colac/Elliminyt used for short term holiday accommodation, however with the rise of AirBnB, etc, this is an issue that will be monitored.

Use of Land:

Any use permitted under the Colac Otway Shire Council Planning Scheme that allows use of the property to provide short term holiday accommodation.

Geographic Location:

In all the localities of the Colac Otway Shire.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Colac Otway Shire Council Planning Scheme.

Types of Buildings:

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Rural Farm

Definition:

Any land located within the shire which is "Farm Land" within the meaning of section 2 of the Valuation of Land Act 1960 and is zoned to allow land to be used for rural and/or farming purposes.

Any land which is "Farm Land" within the meaning of Section 2(1) of the Valuation of Land Act 1960.

- a) Farm Land means any rateable land that is 2 or more hectares in area;
- b) used primarily for primary producing purposes from its activities on the land; used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and

That is used by a business –

- That has a significant and substantial commercial purpose of character;
- That seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
- That is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

Typically, these properties may contain buildings used as a residence and for farm purposes and will also contain land with no buildings located upon it.

In addition, it may include small parcels of undeveloped land that do not meet the meaning of "Farm Land" prescribed in of section 2 of the Valuation of Land Act 1960, but are also deemed unlikely to be granted a town planning permit for a dwelling to be located on the property.

Typically these properties will be:

- a) up to 5 hectares in area;
- b) be zoned to allow the land to be used for rural and/or farming purposes;
- c) been deemed unviable for the purposes of carrying on a business of primary production by Council; and
- d) been deemed unsuitable to allow the construction of a dwelling.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Farm Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services with considerations to maintain agriculture as a major industry in the municipal district, to facilitate the longevity of the farm sector and achieve a balance between providing for municipal growth and retaining the important agricultural economic base.

Characteristics:

The characteristics of the Rural Farm planning scheme zoning are applicable to the determination of whether land is included in the Rural Farm rating category.

Types and Classes:

Farm Land having the relevant characteristics described above that is:

- a) used primarily for primary production purposes; or
- b) any land that is not defined as Residential, Holiday Rental or Commercial/Industrial Land.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

75% of the base rate. The justification for this category to be rated at a lesser rate than the base rate is that properties in this category are:

- in rural areas;
- have less access to the full suite of services and amenities provided by Council;
- are generally less likely to attract expenditure by Council;
- due to the land area required to operate, these properties have higher valuations (and therefore higher rates) than residential properties; and
- tend to operate in an environment that is subject to the vagaries of weather and external factors beyond the farmer's control.

Use of Land:

Any use permitted under the Colac Otway Shire Council Planning Scheme.

Geographic Location:

In all the localities of the Colac Otway Shire that contain land zoned in the Colac Otway Planning Scheme as Rural Farm.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Colac Otway Shire Council Planning Scheme.

Types of Buildings:

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Commercial/Industrial – Colac/Elliminyt**Definition:**

Any land which is located in Colac, Colac East, Colac West or Elliminyt which does not have the characteristics of:

- a) Rural Farm Land;
- b) Residential Land – Colac, Colac East, Colac West or Elliminyt; or
- c) Holiday Rental Land; and;

Is used primarily for:

- a. The sale of goods or services;
- b. Other commercial purposes; or
- c. Industrial purposes, or

is land which is vacant but zoned for commercial or industrial use.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Commercial/Industrial Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

The commercial businesses of Colac Otway Shire Council benefit from ongoing significant investment by Council in services and infrastructure. Council also notes the tax deductibility of Council rates for commercial properties which is not available to the residential sector, and also the income generating capability of commercial based properties.

The Commercial differential rate is applied to promote the economic development objectives for the Colac Otway Shire Council as outlined in the Council Plan. These objectives include an ongoing significant investment to create a vibrant economy and includes the maintenance and improvement of tourism infrastructure. Construction and maintenance of public infrastructure, development and provision of health and community services and the general provision of support services and promotion of business in the municipality.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Commercial/Industrial Land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Commercial/Industrial having the relevant characteristics described below:

- a) used primarily for commercial or industrial purposes; or
- b) any land that is not defined as Residential, Holiday Rental or Farm Land.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

165% of the base rate. The rationale for this category to be rated at a rate above the base rate is that:

- businesses conducted at these properties benefit from the services and facilities provided by Council;
- services and facilities provided by the shire help to attract residents to the shire, which can provide businesses with both a source of labour and customers; and
- businesses generally have a capacity pay, which is complimented by rates being a tax deductible expense.

It is therefore deemed fair and equitable that properties in this category pay rates at a higher rate in the dollar than the base rate.

Use of Land:

Any use permitted under the Colac Otway Shire Council Planning Scheme.

Geographic Location:

In the localities of Colac, Colac East, Colac West and Elliminyt.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Colac Otway Shire Council Planning Scheme.

Types of Buildings:

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Commercial/Industrial – Balance of Shire**Definition:**

Any land which is located in localities other than Colac, Colac East, Colac West or Elliminyt which does not have the characteristics of:

- a) Rural Farm Land;
- b) Residential Land – Colac, Colac East, Colac West or Elliminyt; or
- c) Holiday Rental Land; and;

is used primarily for:

- a. The sale of goods or services;
- b. Other commercial purposes; or
- c. Industrial purposes, or

is land which is vacant but zoned for commercial or industrial use.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Commercial/Industrial Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

The commercial businesses of Colac Otway Shire Council benefit from ongoing significant investment by Council in services and infrastructure. Council also notes the tax deductibility of Council rates for commercial properties which is not available to the residential sector, and also the income generating capability of commercial based properties.

The Commercial differential rate is applied to promote the economic development objectives for the Colac Otway Shire Council as outlined in the Council Plan. These objectives include an ongoing significant investment to create a vibrant economy and includes the maintenance and improvement of tourism infrastructure. Construction and maintenance of public infrastructure, development and provision of health and community services and the general provision of support services and promotion of business in the municipality.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Commercial/Industrial Land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Commercial/Industrial having the relevant characteristics described below:

- a) used primarily for commercial or industrial purposes; or
- b) any land that is not defined as Residential, Holiday Rental or Farm Land.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

140% of the base rate. The rationale for this category to be rated at a rate above the base rate is that:

- businesses conducted at these properties benefit from the services and facilities provided by Council;
- services and facilities provided by the shire help to attract residents to the shire, which can provide businesses with both a source of labor and customers; and
- businesses generally have a capacity pay, which is complimented by rates being a tax deductible expense.

However, as properties in this category are generally located in smaller townships, there can be less opportunity to generate revenue. This can vary depending on the type of business.

It is therefore deemed fair and equitable that properties in this category pay rates at a higher rate in the dollar than the base rate but less than the rate in the dollar for "Commercial/Industrial - Colac/Elliminyt"

Use of Land:

Any use permitted under the Colac Otway Shire Council Planning Scheme.

Geographic Location:

In the localities of Colac, Colac East, Colac West and Elliminyt.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Colac Otway Shire Council Planning Scheme.

Types of Buildings:

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Other Charges

Municipal Charge

A Municipal Charge be declared for the budgeted period pertaining to this budget document to cover some of the administrative costs of the Council.

The Municipal Charge to be as stated in item 4.1.1(g) per annum for each rateable property in respect of which a municipal charge can be levied.

Annual Service (Waste Management) Charges

An annual service charge for the weekly and fortnightly domestic kerbside collection service is also levied. The aim of the charge is to apportion the total cost of managing the collection, transportation and disposal of domestic waste, to the owners of all properties that derive a benefit from having the service available for use.

The charge is therefore levied on all developed assessments used primarily for residential or commercial purposes that are located on the designated collection routes.

The charge is not levied on vacant land properties. Commercial/Industrial properties may apply for an exemption from the charge if they produce non domestic types of waste and provide proof they have engaged a contractor to collect and dispose of their waste.

Tirrengower Special (Drainage) Scheme

Colac Otway Shire Council utilise Special Charges on a case-by-case basis, except for the application of the Tirrengower Special (Drainage) Scheme. This is an ongoing scheme where landholders who benefit from the infrastructure contribute an annual amount equal to \$2.50 per hectare.

The special charge for the Tirrengower drainage works previously declared by Council to be fixed at \$2.50 per hectare for the period 1 July 2021 to 30 June 2022.

4.1.2 Statutory fees and fines

| | Forecast | Budget | Change | |
|---------------------------------------|------------|------------|-----------|-------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Statutory Planning Operations | 320 | 373 | 53 | 16.6% |
| Public Health Operations | 257 | 232 | (25) | (9.7%) |
| Building Services Operations | 107 | 118 | 11 | 10.1% |
| Local Laws Operations | 72 | 72 | 0 | - |
| Property & Rates Operations | 33 | 42 | 9 | 27.3% |
| Infrastructure Customer Services | 20 | 11 | (9) | (45.0%) |
| Emergency Management Operations | 14 | 14 | 0 | - |
| Planning Compliance | 3 | 3 | 0 | 4.0% |
| Corporate Services Management | - | 1 | 1 | - |
| Total statutory fees and fines | 826 | 866 | 40 | 4.8% |

The statutory fees generated from Council are expected to increase slightly in 2022/23.

4.1.3 User fees

| | Forecast | Budget | Change | |
|--|--------------|--------------|------------|--------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Aged Care Management Administration | 3,357 | 3,958 | 601 | 17.9% |
| Bluewater Fitness Centre Operations | 1,362 | 1,500 | 138 | 10.1% |
| Colac Livestock Selling Centre Operations | 445 | 467 | 22 | 4.9% |
| COPACC Management Operations | 304 | 263 | (42) | (13.7%) |
| Great Ocean Road VIC Operations | 224 | 224 | 0 | - |
| Waste Management Administration | 210 | 315 | 104 | 49.6% |
| Local Laws Operations | 171 | 218 | 48 | 27.9% |
| Apollo Bay Harbour Admin | 145 | 147 | 2 | 1.4% |
| Infrastructure Development | 140 | 175 | 35 | 25.0% |
| Family & Children`s Services Operations | 124 | 81 | (43) | (34.7%) |
| Colac Visitor Information Centre Operations | 35 | 35 | 0 | - |
| Airfield Operations | 20 | 22 | 2 | 11.4% |
| Building Services Operations | 6 | 5 | (2) | (27.4%) |
| Public Health Operations | 3 | 3 | 0 | - |
| Standpipe Management Operations | 1 | 1 | (0) | (16.7%) |
| Risk Management Operations | 1 | 1 | 0 | - |
| Statutory Planning Operations | 1 | 1 | 0 | - |
| Strategic Asset & Property Services Operations | - | 108 | 108 | - |
| Financial Services Operations | - | 2 | 2 | - |
| Events Operations | - | 4 | 4 | - |
| Total user fees | 6,548 | 7,526 | 978 | 14.9% |

The budgeted increase in user fees is largely due to continued expected growth in delivery of fully-funded Home Care Packages in 2022/23. This increase is offset by the costs to deliver the additional packages, as shown in the '4.1.7 Employee Cost' analysis .

4.1.4 Grants

Grants are required under the Act and the Regulations to be disclosed in Council's annual budget.

| | Forecast 2021/22 \$'000 | Budget 2022/23 \$'000 | Change | |
|--|-------------------------------|-----------------------------|-----------------|----------------|
| | | | \$'000 | % |
| Grants were received in respect of the following: | | | | |
| Summary of grants | | | | |
| Commonwealth funded grants | 18,328 | 7,454 | (10,874) | (59.3%) |
| State funded grants | 7,325 | 6,505 | (820) | (11.2%) |
| Total grants received | 25,653 | 13,959 | (11,694) | (45.6%) |
| (a) Operating Grants | | | | |
| Recurrent - Commonwealth Government | | | | |
| Family & Children's Services Operations | 425 | 330 | (95) | (22.4%) |
| Aged Care Management Administration | 91 | 91 | 0 | - |
| Other | 66 | 66 | 0 | - |
| Victorian Grants Commission | 9,134 | 5,264 | (3,870) | (42.4%) |
| Recurrent - State Government | | | | |
| Aged Care Management Administration | 1,047 | 1,048 | 1 | 0.1% |
| Port of Apollo Bay Operations | 891 | 878 | (13) | (1.5%) |
| Maternal & Child Health Operations | 507 | 410 | (97) | (19.1%) |
| Regional Assessment Service Operations | 182 | 182 | 0 | 0.0% |
| COPACC Management Operations | - | 95 | 95 | - |
| School Crossing Supervision Operations | 55 | 55 | 0 | - |
| Revenue Services | 49 | 50 | 1 | 2.3% |
| Public Health Operations | 19 | 19 | 0 | 1.1% |
| Family & Children's Services Operations | 1 | 1 | 0 | - |
| Bluewater Leisure Centre | - | 10 | 10 | - |
| Total recurrent grants | 12,466 | 8,498 | (3,873) | (31.1%) |
| Non-recurrent - Commonwealth Government | | | | |
| City Deal Projects | 4,449 | - | (4,449) | (100.0%) |
| Non-recurrent - State Government | | | | |
| Economic Development Operations | 1,391 | - | (1,391) | (100.0%) |
| Community Services Management | 227 | 108 | (119) | (52.6%) |
| Recreation & Open Spaces | 200 | - | (200) | 100.0% |
| Port of Apollo Bay Operations | 300 | - | (300) | (100.0%) |
| Total non-recurrent grants | 6,567 | 533 | (6,034) | (91.9%) |
| Total operating grants | 19,033 | 9,031 | (10,003) | (52.6%) |
| (b) Capital Grants | | | | |
| Recurrent - Commonwealth Government | | | | |
| Roads to recovery | 1,776 | 1,703 | - | - |
| Total recurrent grants | 1,776 | 1,703 | (73) | (4.1%) |
| Non-recurrent - Commonwealth Government | | | | |
| Recreation, Leisure and Community Facilities | 2,387 | - | (2,387) | (100.0%) |
| Non-recurrent - State Government | | | | |
| Local Roads and Community Infrastructure Funding | 1,606 | - | (1,606) | (100.0%) |
| Recreation, Leisure and Community Facilities | 850 | 3,225 | 2,375 | 279.4% |
| Total non-recurrent grants | 4,843 | 3,225 | (1,618) | (33.4%) |
| Total capital grants | 6,619 | 4,928 | (1,691) | (25.5%) |
| Total Grants | 25,653 | 13,959 | (11,694) | (45.6%) |

The budgeted recurrent operating grants are similar to the 2021/22 forecast, with the expectation that Federal Assistant Grant (Victorian Grants Commission) funding will increase, with 75% of the 2022/23 grant received in advance in 2021/22 and 50% of the 2023/24 grant estimated to be received in advance. The budgeted reduction in non-recurrent operating grants predominantly relates to the receipt of \$4.4m for the City Deals Project in 2021/22, which has an offsetting expense of \$4.6m recognised in Materials and Services. The 2021/22 forecast also includes \$1.39m funding for Economic and Business Enterprise one-off projects, which has an offsetting expense.

The budgeted capital grants have decreased compared to 2021/22 by \$11.3m. 2021/22 includes capital grant funding received for capital works carried forward from 2021/22 and additional Local Roads and Community Infrastructure programme funding of \$2.34m. 2022/23 capital grants include funding for Roads to Recovery of \$1.7m. The reduction in expected capital grants is reflected in the reduced capital works program (refer '4.5 Capital works program').

4.1.5 Contributions

| | Forecast | Budget | Change | |
|----------------------------|------------|-----------|--------------|----------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Monetary | 420 | 25 | (395) | (94.0%) |
| Non-monetary | - | - | - | - |
| Total contributions | 420 | 25 | (395) | (94.0%) |

Monetary contributions are expected to decrease due to 2021/22 contributions relating to one-off projects and anticipated public open space contributions. 2021/22 project contributions related to the Deans Creek Precinct Structure Plan (\$175k), Community Sport Lighting Upgrades (\$50k), and the replacement and upgrade bridge on King Track Chapple Vale (\$50k). Council anticipates Public Open Space contributions of \$100k in 2021/22.

4.1.6 Other income

| | Forecast | Budget | Change | |
|--|------------|------------|--------------|----------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Reimbursements | 282 | 150 | (133) | (47.0%) |
| Port of Apollo Bay Administration Income | 60 | 60 | - | - |
| Interest | 51 | 20 | (31) | (60.8%) |
| Other income | 47 | 52 | 4 | 9.2% |
| Works on Road Permits | 40 | 30 | 10 | (25.0%) |
| Rates Legal Costs Recovered | 40 | 40 | - | - |
| Landing Fees | 20 | 14 | 6 | (30.0%) |
| Total other income | 540 | 365 | (175) | (32.5%) |

Interest on investments is expected to decrease by 30k due to a combination of a continued low RBA Cash Rate and Council not holding as much cash as in previous years. The 2021/22 reimbursements includes \$120k carried forward from 2020/21 relating to funding for the Colac Civic Rail & Health Precinct project. Reimbursements also include reimbursed wages for employees on long-term WorkCover.

4.1.7 Employee costs

| | Forecast | Budget | Change | |
|-----------------------------|---------------|---------------|--------------|-------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Wages and salaries | 16,573 | 17,206 | 632 | 3.8% |
| Employee Leave | 1,635 | 2,887 | 1,252 | 76.6% |
| Superannuation | 1,898 | 1,982 | 84 | 4.4% |
| Casual Staff | 565 | 591 | 25 | 4.5% |
| Sick Leave | 576 | 565 | (12) | (2.0%) |
| Other Employee Benefits | 17 | 9 | (8) | (49.5%) |
| Fringe Benefits Tax | 170 | 174 | 4 | 2.5% |
| WorkCover | 433 | 497 | 64 | 14.8% |
| Total employee costs | 21,868 | 23,911 | 2,042 | 9.3% |

The 2021/22 Forecast includes one-off operating project wages and salaries of \$273k. Employee leave is expected to increase significantly in 2022/23 as annual leave not used in 2021/22 is expected to be taken and sick leave is likely to remain relatively high following removal of COVID-19 restrictions. The 2022/23 Budget includes the EBA increase. Additional employee costs are required to service increased fully-funded Home Care Packages (\$725k), which has offsetting income as shown within the User Fee analysis. The WorkCover premium is expected to increase by \$64k.

The Budget 2022/23 is based on employment of 253 Full-time Equivalent Employees (FTE). The increase of FTE in the 2021/22 budget results from the following:

- Additional 2.1 FTE to deliver new projects in strategic planning and youth engagement (fully funded)
- Additional 0.1 FTE in the Maternal and Child Health team to comply with new regulatory requirements
- Net increase of 4.2 FTE to move to internal skills (offset by reduction in contractors and agency staff)
- Additional 3.1 FTE to deliver increased number of Home Care Packages (fully funded by user fees)
- Additional 2.5 FTE to support post-pandemic service at Bluewater Leisure Centre (funded through increased user fees)
- Additional 2.0 FTE identified that were included in previous costs but not in FTE calculation
- Reduction of 0.4 FTE through review of support roles

4.1.8 Materials and services

| | Forecast | Budget | Change | |
|---|---------------|---------------|----------------|----------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Contractors | 15,708 | 8,722 | (6,986) | (44.5%) |
| Materials | 4,378 | 3,636 | (742) | (16.9%) |
| Subscriptions and memberships | 1,910 | 2,360 | 449 | 23.5% |
| Utilities | 1,290 | 1,254 | (36) | (2.8%) |
| Consultants | 2,605 | 989 | (1,615) | (62.0%) |
| Agency staff | 1,509 | 543 | (967) | (64.0%) |
| Insurances | 555 | 938 | 383 | 69.1% |
| Training costs | 434 | 504 | 70 | 16.1% |
| Plant and equipment (maintenance & internal charge) | 327 | 214 | (113) | (34.6%) |
| Legal costs | 146 | 144 | (2) | (1.4%) |
| Venue Hire | 33 | 31 | (2) | (6.1%) |
| Other expenditure | 15 | 15 | 0 | - |
| Permits | 4 | 2 | (3) | (59.5%) |
| Merchant Fees | 3 | 3 | 0 | - |
| Total materials and services | 28,917 | 19,354 | (9,562) | (33.1%) |

The budget for materials and services is expected to reduce in 2022/23, largely due to the 2021/22 forecast including projects carried forward from previous years, as well as non-recurrent operational initiatives. These significant initiatives total \$9.46m and include \$4.6m contractor costs relating to the City Deals Projects and \$930k for expenses related to the Forrest Mountain Bike Trail; which have offsetting operational grants. 2021/22 operating project initiatives also included the fourth glass bin kerbside service (\$450k). Operating project initiatives in 2022/23 total \$316k and recurrent operations materials and services is expected to decrease by \$41k.

4.1.9 Depreciation

| | Forecast | Budget | Change | |
|---------------------------|---------------|---------------|------------|-------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Buildings | 1,466 | 1,489 | 24 | 1.6% |
| Plant & equipment | 1,742 | 1,770 | 28 | 1.6% |
| Infrastructure | 7,692 | 7,816 | 124 | 1.6% |
| Total depreciation | 10,900 | 11,076 | 176 | 1.6% |

4.1.10 Amortisation - Right of use assets

| | Forecast | Budget | Change | |
|---|-----------|-----------|------------|---------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Right of use assets | 24 | 24 | (0) | (0.8%) |
| Total amortisation - right of use assets | 24 | 24 | (0) | (0.8%) |

4.1.11 Other expenses

| | Forecast | Budget | Change | |
|---|--------------|--------------|-------------|---------------|
| | 2021/22 | 2022/23 | \$'000 | % |
| | \$'000 | \$'000 | \$'000 | % |
| Grants and donations paid | 866 | 707 | (159) | (18.3%) |
| Elected Members Allowances | 234 | 234 | 0 | - |
| Other costs | 239 | 338 | 99 | 41.4% |
| Fire service levy | 65 | 70 | 5 | 7.7% |
| Auditors remuneration | 47 | 47 | 0 | (0.4%) |
| Rates Written Off | 29 | 30 | 1 | 3.4% |
| Elected Members Superannuation Contribution | 24 | 24 | - | - |
| Elected Member Mileage Allowance per km | 20 | 20 | - | - |
| Animal registration levy | 20 | 23 | 3 | 15.0% |
| Royalties and commissions | 5 | 5 | 0 | - |
| Interest Payments Interfund | 5 | 5 | 0 | - |
| Remote Area Councillor Travel Allowance | 3 | 3 | - | - |
| Corporate Card Expenses | 2 | 3 | - | - |
| Total other expenses | 1,559 | 1,509 | (51) | (3.2%) |

The budgeted movement mainly relates to finalisation of the COVID-19 Community Support Package in 2021/22, which provided financial support of \$135k.

4.2 Balance Sheet

4.2.1 Assets

Assets will decrease in 2022/23 with Cash increasing and Property, infrastructure, plant and equipment expected to decrease. Property, infrastructure, plant and equipment comprise 96% of Council's total assets and the decrease is largely due to the capital works program being lower than depreciation. 'Right-of-Use' assets have reduced to \$17k and account for existing leases for equipment, which are funded by 'Lease Liabilities' in the liabilities section of the balance sheet.

4.2.2 Liabilities

Liabilities decrease in 2022/23, due to payout of two way radio leases in 2021/22, proposed repayment of the balance of an existing loan and new borrowings of \$380k in June 2023 to spread the final payments of the existing loan over a further two years. Scheduled loan repayments of \$86k and lease payments of \$24k are also expected to reduce Council's overall liabilities in 2022/23. The lease liabilities of \$18k reflect the existing liability for committed lease payments for equipment. The leased equipment assets are represented by 'Right of Use' assets in the balance sheet.

4.2.3 Borrowings

The table below shows information on borrowings specifically required by the Regulations.

| | Forecast | Budget |
|---|------------|------------|
| | 2021/22 | 2022/23 |
| | \$'000 | \$ |
| Amount borrowed as at 30 June of the prior year | 805 | 596 |
| Amount proposed to be borrowed | - | 380 |
| Amount projected to be redeemed | (209) | (596) |
| Amount of borrowings as at 30 June | 596 | 380 |

4.2.4 Leases by category

As a result of the introduction of AASB 16 Leases, right-of-use assets and lease liabilities have been recognised as outlined in the table below.

| | Forecast | Budget |
|--|-----------|-----------|
| | 2021/22 | 2022/23 |
| | \$'000 | \$ |
| Right-of-use assets | - | - |
| Plant and equipment | 41 | 17 |
| Total right-of-use assets | 41 | 17 |
| Lease liabilities | | |
| Current lease Liabilities | | |
| Plant and equipment | 24 | 18 |
| Total current lease liabilities | 24 | 18 |
| Non-current lease liabilities | | |
| Plant and equipment | 18 | - |
| Total non-current lease liabilities | 18 | - |
| Total lease liabilities | 42 | 18 |

Where the interest rate applicable to a lease is not expressed in the lease agreement, Council applies the average incremental borrowing rate in the calculation of lease liabilities. The current incremental borrowing rate is 4.25%.

4.3 Statement of changes in Equity

4.3.1 Reserves

| Reserve Name | Reserve Type | Forecast | Budget |
|---|---------------|-------------------|-------------------|
| | | 2021/22 \$'000 | 2022/23 \$'000 |
| Asset Revaluation Reserve | Discretionary | 224,584 | 224,584 |
| Financial Assistance Grants Received in Advance | Discretionary | 5,535 | 3,599 |
| Waste Management Reserve | Discretionary | 1,426 | 1,361 |
| Landfill Rehabilitation (Alvie) Reserve | Discretionary | 1,094 | 1,151 |
| Long Service Leave Reserve | Discretionary | 2,941 | 2,941 |
| Plant Replacement Reserve | Discretionary | 1,458 | 1,617 |
| Recreational Lands Reserve | Statutory | 949 | 949 |
| Rehabilitation Reserve | Discretionary | 1,048 | 1,046 |
| Water Sensitive Urban Design | Statutory | 54 | 64 |
| Disaster Recovery | Discretionary | 6 | 6 |
| Strategic Projects Reserve | Discretionary | 832 | 832 |
| Tirrengower Drainage Scheme Reserve | Contractual | 24 | 24 |
| Total Equity Reserves | | 239,951 | 238,174 |

Purposes for Reserves

Asset Revaluation Reserve

This reserve captures the reassessment of the value of Council's capital assets.

Financial Assistance Grants received in advance

The purpose of this reserve is to set aside any Commonwealth Financial Assistance Grant funding received in advance of its intended allocation.

Waste Management 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 landfill. The rehabilitation reserve will continue to grow until the landfill closes, at which time, the funds will be utilised to meet this obligation.

Water Sensitive Urban Design

Statutory reserve to be used for the construction of water saving initiatives within council's waste water network.

Disaster Recovery

This reserve relates to disaster recovery funds received for bushfire and flood events.

Recreational Lands Reserve

Statutory reserve to be used for the development of recreational reserves and public open space.

Rehabilitation Reserve

This reserve is to fund the rehabilitation and aftercare of the various closed 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.

Strategic Projects Reserve

The purpose of this reserve is for strategic projects and acquisitions of new or expanded assets that are of an intergenerational nature.

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.

4.4 Statement of Cash Flows

4.4.1 Net cash flows provided by/used in operating activities

There is an decrease in cash provided by operating activities, predominantly due to decreased operating grant funding in 2022/23 of \$9.11m with 75% of the Financial Assistance Grant received in advance in 2021/22 and 50% of the 2023/24 grant estimated to be received in advance in 2022/23. 2021/22 includes capital grant funding received for capital works carried forward from 2021/22 and additional Local Roads and Community Infrastructure programme funding of \$2.34m. Receipts from operating grants are expected to decrease, largely due to the 2021/22 funding received for the City Deal Project (\$4.4m). It is important to note that this funding has associated offsetting outflow of funds from Materials and Services and Employee Costs. The capital programme is budgeted to reduce in 2022/23, as carried forward projects are completed and with less new funding anticipated.

4.4.2 Net cash flows provided by/used in investing activities

New capital works budgeted in 2022/23 is lower than the 2021/22 budgeted programme of \$13.7m by \$1.4m. The decrease in 'Payments for property, infrastructure, plant and equipment' mainly reflects this reduced program, carried forward projects of \$4.3m from 2020/21 to 2021/22 and increased Local Roads and Community Infrastructure programme of \$2.3m included in the 2021/22 forecast. Carried-forward projects included in 2021/22 are fully funded projects from previous budgets and it is assumed are to be completed in 2021/22.

4.4.3 Net cash flows provided by/used in financing activities

One remaining loan is due for settlement in 2022/23. It is proposed that an additional repayment of \$130k of the loan liability due for settlement in 2022/23 is made and the remaining balance of \$380k is refinanced in June 2023. 2022/23 repayments represent scheduled loan repayments of \$86k and the \$130k one-off repayment.

4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2022/23 year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

4.5.1 Summary

| | Forecast 2021/22 \$'000 | Budget 2022/23 \$'000 | Change \$'000 | % |
|---------------------|-------------------------------|-----------------------------|------------------|----------------|
| Property | 1,442 | 984 | (458) | -31.77% |
| Plant and equipment | 2,330 | 1,992 | (339) | -14.53% |
| Infrastructure | 16,463 | 9,358 | (7,105) | -43.16% |
| Total | 20,236 | 12,334 | (7,902) | -39.05% |

| | Project Cost \$'000 | Asset expenditure types | | | Summary of Funding Sources | | | |
|---------------------|------------------------|-------------------------|-------------------|-------------------|----------------------------|--------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Grants \$'000 | Contrib. \$'000 | Council cash \$'000 | Borrowings \$'000 |
| Property | 984 | - | 750 | 234 | - | - | 984 | - |
| Plant and equipment | 1,992 | 85 | 1,907 | - | - | - | 1,992 | - |
| Infrastructure | 9,358 | 73 | 6,033 | 3,252 | 4,928 | - | 4,430 | - |
| Total | 12,334 | 158 | 8,690 | 3,486 | 4,928 | - | 7,406 | - |

The 2021/22 forecast figures include capital works carried forward from previous years and increased funding renewal and upgrade works. The 2021/22 Capital Works Program has increased from the 2021/22 Adopted Budget (\$13.7m) by \$6.5m. It is anticipated that 50% of the Capital Works program will be completed by 30 June 2021 with the remainder carried forward to 2022/23.

4.5.2 Current Budget

| Capital Works Area | Project Cost \$'000 | Asset expenditure types | | | Summary of Funding Sources | | | |
|--|------------------------|-------------------------|-------------------|-------------------|----------------------------|--------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Grants \$'000 | Contrib. \$'000 | Council cash \$'000 | Borrowings \$'000 |
| PROPERTY | | | | | | | | |
| Buildings | | | | | | | | |
| <i>Building Renewal Programme</i> | 750 | - | 750 | - | - | - | 750 | - |
| <i>Building Upgrade Programme</i> | 234 | - | - | 234 | - | - | 234 | - |
| <i>Bluewater Heat Pump Upgrade</i> | - | - | - | - | - | - | - | - |
| TOTAL PROPERTY | 984 | - | 750 | 234 | - | - | 984 | - |
| PLANT AND EQUIPMENT | | | | | | | | |
| Plant, Machinery and Equipment | | | | | | | | |
| <i>Annual Heavy Plant Replacement Program</i> | 1,237 | - | 1,237 | - | - | - | 1,237 | - |
| <i>Annual Light Fleet Replacement Program</i> | 300 | - | 300 | - | - | - | 300 | - |
| Computers and Telecommunications | - | - | - | - | | | | |
| <i>IM - Content Manager Upgrade</i> | 35 | - | 35 | - | - | - | 35 | - |
| <i>ICT - Device Renewal</i> | 100 | - | 100 | - | - | - | 100 | - |
| <i>ICT - Critical Infrastructure Improvement</i> | 150 | - | 150 | - | - | - | 150 | - |
| <i>CRM Replacement</i> | 170 | 85 | 85 | - | - | - | 170 | - |
| TOTAL PLANT AND EQUIPMENT | 1,992 | 85 | 1,907 | - | - | - | 1,992 | - |

4.5.2 Current Budget (cont.)

| Capital Works Area | Project Cost \$'000 | Asset expenditure types | | | Summary of Funding Sources | | | |
|---|------------------------|-------------------------|-------------------|-------------------|----------------------------|--------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Grants \$'000 | Contrib. \$'000 | Council cash \$'000 | Borrowings \$'000 |
| INFRASTRUCTURE | | | | | | | | |
| Roads | | | | | | | | |
| <i>Crack Sealing Program</i> | 80 | - | 80 | - | - | - | 80 | - |
| <i>Kerb and Channel Renewal Program</i> | 80 | - | 80 | - | - | - | 80 | - |
| <i>Major Patching Program</i> | 350 | - | 350 | - | - | - | 350 | - |
| <i>Sealed Road Reconstruction Renewal Program</i> | 2,450 | - | 2,450 | - | 1,703 | - | 747 | - |
| <i>Unsealed Road Reconstruction Program</i> | 1,000 | - | 1,000 | - | - | - | 1,000 | - |
| <i>Road Safety New Program</i> | 13 | 13 | - | - | - | - | 13 | - |
| <i>Road Safety Renewal Program</i> | 72 | - | 72 | - | - | - | 72 | - |
| <i>Road Safety Upgrade Program</i> | 190 | - | - | 190 | - | - | 190 | - |
| Bridges | | | | | | | | |
| <i>Bridge Renewal Program</i> | 984 | - | 984 | - | - | - | 984 | - |
| Footpaths and Cycleways | | | | | | | | |
| <i>Footpath Renewal Program</i> | 179 | - | 179 | - | - | - | 179 | - |
| <i>Footpath Upgrade Program</i> | 12 | - | - | 12 | - | - | 12 | - |
| Drainage | | | | | | | | |
| <i>Stormwater Renewal Program</i> | 90 | - | 90 | - | - | - | 90 | - |
| <i>Stormwater Upgrade Program</i> | 50 | - | - | 50 | - | - | 50 | - |
| Other infrastructure | | | | | | | | |
| <i>Eastern Reserve Netball Courts Resurfacing</i> | 63 | - | 63 | - | - | - | 63 | - |
| <i>Elliminyt Recreation Reserve Oval Lighting replacement</i> | 425 | - | 425 | - | 225 | - | 200 | - |
| <i>Fixture, Fittings and Furniture Replacement Program</i> | 10 | - | 10 | - | - | - | 10 | - |
| <i>Tree Planting Program</i> | 60 | 60 | - | - | - | - | 60 | - |
| <i>Asset Condition Assessment</i> | 250 | - | 250 | - | - | - | 250 | - |
| <i>Elliminyt Wetlands</i> | 3,000 | - | - | 3,000 | 3,000 | - | - | - |
| TOTAL INFRASTRUCTURE | 9,358 | 73 | 6,033 | 3,252 | 4,928 | - | 4,430 | - |
| TOTAL NEW CAPITAL WORKS | 12,334 | 158 | 8,690 | 3,486 | 4,928 | - | 7,406 | - |

4.6 Summary of Planned Capital Works Expenditure

For the years ending 30 June 2024, 2025 & 2026

| 2023/24 | Asset Expenditure Types | | | | | Funding Sources | | | | |
|--|-------------------------|------------|--------------|-----------|------------|-----------------|--------------|---------------|--------------|------------|
| | Total | New | Renewal | Expansion | Upgrade | Total | Grants | Contributions | Council Cash | Borrowings |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Property | | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | 784 | 0 | 784 | 0 | 0 | 784 | 0 | 0 | 784 | 0 |
| Total Buildings | 784 | 0 | 784 | 0 | 0 | 784 | 0 | 0 | 784 | 0 |
| Total Property | 784 | 0 | 784 | 0 | 0 | 784 | 0 | 0 | 784 | 0 |
| Plant and Equipment | | | | | | | | | | |
| Plant, machinery and equipment | 1,606 | 0 | 1,606 | 0 | 0 | 1,606 | 0 | 0 | 1,606 | 0 |
| Fixtures, fittings and furniture | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Computers and telecommunications | 387 | 0 | 387 | 0 | 0 | 387 | 0 | 0 | 387 | 0 |
| Total Plant and Equipment | 1,993 | 0 | 1,993 | 0 | 0 | 1,993 | 0 | 0 | 1,993 | 0 |
| Infrastructure | | | | | | | | | | |
| Roads | 4,213 | 0 | 4,213 | 0 | 0 | 4,213 | 1,746 | 0 | 2,467 | 0 |
| Bridges | 1,028 | 0 | 1,028 | 0 | 0 | 1,028 | 0 | 0 | 1,028 | 0 |
| Footpaths and cycleways | 187 | 0 | 187 | 0 | 0 | 187 | 0 | 0 | 187 | 0 |
| Drainage | 94 | 0 | 94 | 0 | 0 | 94 | 0 | 0 | 94 | 0 |
| Other infrastructure | 1,047 | 250 | 547 | 0 | 250 | 1,047 | 0 | 0 | 1,047 | 0 |
| Total Infrastructure | 6,569 | 250 | 6,069 | 0 | 250 | 6,569 | 1,746 | 0 | 4,823 | 0 |
| Total Capital Works Expenditure | 9,346 | 250 | 8,846 | 0 | 250 | 9,346 | 1,746 | 0 | 7,600 | 0 |

| 2024/25 | Asset Expenditure Types | | | | | Funding Sources | | | | |
|--|-------------------------|---------------|-------------------|---------------------|-------------------|-----------------|------------------|-------------------------|------------------------|----------------------|
| | Total \$'000 | New \$'000 | Renewal \$'000 | Expansion \$'000 | Upgrade \$'000 | Total \$'000 | Grants \$'000 | Contributions \$'000 | Council Cash \$'000 | Borrowings \$'000 |
| Property | | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | 819 | 0 | 819 | 0 | 0 | 819 | 0 | 0 | 819 | 0 |
| Total Buildings | 819 | 0 | 819 | 0 | 0 | 819 | 0 | 0 | 819 | 0 |
| Total Property | 819 | 0 | 819 | 0 | 0 | 819 | 0 | 0 | 819 | 0 |
| Plant and Equipment | | | | | | | | | | |
| Plant, machinery and equipment | 1,678 | 0 | 1,678 | 0 | 0 | 1,678 | 0 | 0 | 1,678 | 0 |
| Fixtures, fittings and furniture | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Computers and telecommunications | 404 | 0 | 404 | 0 | 0 | 404 | 0 | 0 | 404 | 0 |
| Total Plant and Equipment | 2,082 | 0 | 2,082 | 0 | 0 | 2,082 | 0 | 0 | 2,082 | 0 |
| Infrastructure | | | | | | | | | | |
| Roads | 4,403 | 0 | 4,403 | 0 | 0 | 4,403 | 1,789 | 0 | 2,614 | 0 |
| Bridges | 1,075 | 0 | 1,075 | 0 | 0 | 1,075 | 0 | 0 | 1,075 | 0 |
| Footpaths and cycleways | 195 | 0 | 195 | 0 | 0 | 195 | 0 | 0 | 195 | 0 |
| Drainage | 98 | 0 | 98 | 0 | 0 | 98 | 0 | 0 | 98 | 0 |
| Other infrastructure | 1,071 | 250 | 571 | 0 | 250 | 1,071 | 0 | 0 | 1,071 | 0 |
| Total Infrastructure | 6,842 | 250 | 6,342 | 0 | 250 | 6,842 | 1,789 | 0 | 5,053 | 0 |
| Total Capital Works Expenditure | 9,744 | 250 | 9,244 | 0 | 250 | 9,744 | 1,789 | 0 | 7,955 | 0 |

| 2025/26 | Asset Expenditure Types | | | | | Funding Sources | | | | |
|--|-------------------------|---------------|-------------------|---------------------|-------------------|-----------------|------------------|-------------------------|------------------------|----------------------|
| | Total \$'000 | New \$'000 | Renewal \$'000 | Expansion \$'000 | Upgrade \$'000 | Total \$'000 | Grants \$'000 | Contributions \$'000 | Council Cash \$'000 | Borrowings \$'000 |
| Property | | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | 856 | 0 | 856 | 0 | 0 | 856 | 0 | 0 | 856 | 0 |
| Total Buildings | 856 | 0 | 856 | 0 | 0 | 856 | 0 | 0 | 856 | 0 |
| Total Property | 856 | 0 | 856 | 0 | 0 | 856 | 0 | 0 | 856 | 0 |
| Plant and Equipment | | | | | | | | | | |
| Plant, machinery and equipment | 1,754 | 0 | 1,754 | 0 | 0 | 0 | 0 | 0 | 1,754 | 0 |
| Fixtures, fittings and furniture | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Computers and telecommunications | 422 | 0 | 422 | 0 | 0 | 0 | 0 | 0 | 422 | 0 |
| Total Plant and Equipment | 2,176 | 0 | 2,176 | 0 | 0 | 0 | 0 | 0 | 2,176 | 0 |
| Infrastructure | | | | | | | | | | |
| Roads | 4,601 | 0 | 4,601 | 0 | 0 | 4,601 | 1,834 | 0 | 2,767 | 0 |
| Bridges | 1,123 | 0 | 1,123 | 0 | 0 | 1,123 | 0 | 0 | 1,123 | 0 |
| Footpaths and cycleways | 204 | 0 | 204 | 0 | 0 | 204 | 0 | 0 | 204 | 0 |
| Drainage | 103 | 0 | 103 | 0 | 0 | 103 | 0 | 0 | 103 | 0 |
| Other infrastructure | 1,097 | 250 | 597 | 0 | 250 | 1,097 | 0 | 0 | 1,097 | 0 |
| Total Infrastructure | 7,128 | 250 | 6,628 | 0 | 250 | 7,128 | 1,834 | 0 | 5,294 | 0 |
| Total Capital Works Expenditure | 10,160 | 250 | 9,660 | 0 | 250 | 10,160 | 1,834 | 0 | 8,326 | 0 |

5. Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

The financial performance indicators below are the prescribed financial performance indicators contained in Part 3 of Schedule 3 of the Local Government (Planning and Reporting) Regulations 2020. Results against these indicators will be reported in Council's Performance Statement included in the Annual Report.

| Indicator | Measure | Notes | Actual | Forecast | Budget | Projections | | | Trend |
|----------------------------|---|-------|---------|----------|---------|-------------|---------|---------|-------|
| | | | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | +o/- |
| Operating position | | | | | | | | | |
| Adjusted underlying result | Adjusted underlying surplus (deficit) / Adjusted underlying revenue | 1 | 7.6% | -2.9% | -5.2% | -0.5% | 0.5% | 1.4% | + |
| Liquidity | | | | | | | | | |
| Working Capital | Current assets / current liabilities | 2 | 189.7% | 140.9% | 147.9% | 165.6% | 180.1% | 198.8% | + |
| Unrestricted cash | Unrestricted cash / current liabilities | 3 | 93.1% | 98.5% | 101.9% | 127.3% | 141.7% | 159.9% | + |
| Obligations | | | | | | | | | |
| Loans and borrowings | Interest bearing loans and borrowings / rate revenue | 4 | 2.3% | 1.8% | 1.1% | 0.7% | 0.4% | 0.0% | + |
| Loans and borrowings | Interest and principal repayments on interest bearing loans and borrowings / rate revenue | | 1.1% | 0.8% | 1.9% | 0.4% | 0.4% | 0.4% | + |
| Indebtedness | Non-current liabilities / own source revenue | | 16.1% | 14.3% | 14.2% | 13.7% | 12.9% | 12.5% | + |
| Asset renewal | Asset renewal and upgrade expense / Asset depreciation | 5 | 97.6% | 179.6% | 109.9% | 81.2% | 84.0% | 86.9% | + |
| Stability | | | | | | | | | |
| Rates concentration | Rate revenue / adjusted underlying revenue | 6 | 53.8% | 53.1% | 63.4% | 61.4% | 61.6% | 61.8% | o |
| Rates effort | Rate revenue / CIV of rateable properties in the municipality | | 0.4% | 0.4% | 0.3% | 0.4% | 0.4% | 0.4% | o |
| Efficiency | | | | | | | | | |
| Expenditure level | Total expenses/ no. of property assessments | | \$3,501 | \$4,059 | \$3,550 | \$3,558 | \$3,584 | \$3,609 | o |
| Revenue level | Total rate revenue / no. of property assessments | | \$1,828 | \$1,859 | \$1,895 | \$1,930 | \$2,208 | \$2,261 | o |

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

Notes to indicators

1. Adjusted underlying result

This measure is an indicator of the sustainable operating result required to enable Council to generate enough cash from operations to fund the renewal of existing assets. The results are showing underlying results below breakeven in 2021/22 and 2022/23 with projected surpluses targeted to be achieved by 2023/24. The budgeted deficit indicates that Council is generating less revenue from sources it can control, increasing reliance on funding from external sources such as grant funding. This is not considered to be sustainable in the long term, however adjusted underlying deficits are sustainable in the short term, providing other indicators remain healthy.

Without important changes to Council's service offering and delivery models, future years will also present deficits and erode Council's ability to support the community in the future. Council is committed to address its financial sustainability over the long term to address these challenges.

2. Working Capital

This indicator is projected to increase over the subsequent 3 years following the Budget. Council recognises that rate capping has the compounding effect of reducing future rate revenue, which limits Council's ability to deliver increased services. Cash is forecast to exceed total restricted cash and other intended allocations identified in Reserves for specific future purposes in the short-term, as significant cash is allocated to complete carried forward projects. Council's ability to generate underlying surpluses in the medium to long-term will be critical to ensure that cash and working capital is not eroded over the long-term as Council allocates cash from identified Reserves for specific purposes.

3. Unrestricted Cash

This shows an increase in the available unrestricted cash. This is due to the improvement in cash and cash equivalents levels over the period. This trend is consistent and reflective of the adjusted underlying result and working capital.

4. Debt compared to rates

The decrease in indebtedness (non-current liabilities) mainly reflects a decrease in borrowings by \$216k in 2022/23. The repayment of the balance of an existing loan (\$596k) will be partly offset by new borrowings (2022/23: \$255k non-recurrent; 2023/24 \$129k non-recurrent) in June 2023 to spread the final payments of the existing loan over a further two years.

5. Asset renewal

This percentage indicates the extent of Council's renewal and upgrade compared to the depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

The reduced asset renewal ratio in 2022/23 has primarily resulted from a depreciation increase in the bridges asset class resulting from a revaluation of assets with the 2021/22 forecast depreciation now \$2.09 million higher than the 2021/22 budget. Projections in the subsequent three years reflect Council's commitment to increasing investment in renewal of existing assets.

6. Rates concentration

This indicator reflects the trends in the underlying result over the projected period, showing Colac Otway Shire's reliance on rate revenues (as a proportion of total revenue) to fund Council's on-going services and a focus on reducing operational costs.