



# Colac Otway Shire



## Annual Report 2018/19





Colac Otway Shire is committed to transparent reporting and accountability to the Community.

Our report documents Council's performance during 2018/19 against the Council Plan and the 2018/19 Budget.

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

## Feedback

The content of the Annual Report is reviewed each year and is guided by best practice in reporting and local government.

Your feedback is invited via email:

**[inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)** or by letter to:

**Chief Executive**

**PO Box 283**

**Colac Vic 3250**

## Acknowledgement

The Colac Otway Shire proudly acknowledges the Gulidjan and Gadubanud peoples of the Eastern Maar Nation as the traditional custodians of the Colac Otway Region. We acknowledge that the Colac Otway Shire Annual Report is based upon lands of the Gulidjan and Gadubanud people.

We pay our respects to their Ancestors and Elders, past, present and emerging. We recognise and respect their unique cultural heritage, beliefs and relationship to their traditional lands, which continue to be important to them today and into the future.



Photo Volcanic Plains: Belinda Rocka

Front Cover Photo Lake Elizabeth: Lucy Vesey





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## Our Strategic Vision

*Towards a prosperous future*

## Our Values

Council will achieve its Vision and Mission by acting with:

Respect  
Integrity  
Goodwill  
Honesty  
Trust



## Our Strategic Direction

The Councillors of Colac Otway Shire commit to plan for growth in business and employment for our towns and settlement; the delivery of high quality services that meet community needs and demonstrate value for money; and to be leaders and work together as a team with the community and the organisation to achieve our goals for the Shire.

The four themes of our Council Plan inform our key strategic direction for 2017-2021:

Theme 1 - Our Prosperity  
Theme 2 - Our Places  
Theme 3 - Our Community  
Theme 4 - Our Leadership & Management



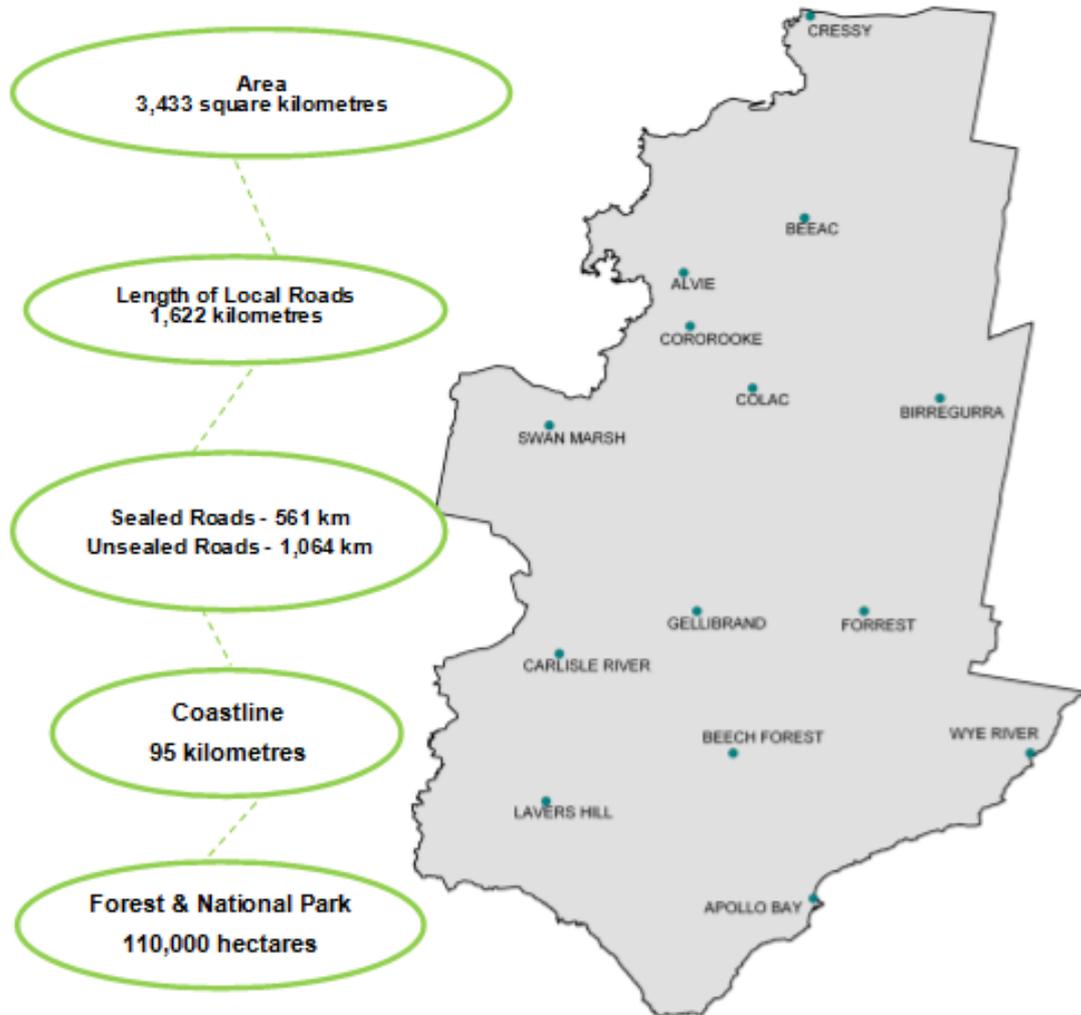
Specific objectives and strategies for each of the key directions (Council Plan 'themes') introduce the relevant sections of the performance section of this report.





# Our Shire Profile

Colac Shire Otway Shire has been an unsubdivided municipality (no wards) since March 2017



<b>Estimated Population</b>	<b>21,685</b>
0—4 years	5.6%
5—19 years	17.7%
20—34 years	15.8%
35—49 years	17.5%
50—65 years	21.9%
Over 65 years	21.7%
<b>Aboriginal &amp; Torres Strait Islanders</b>	1.2% (253 people)
<b>Population growth rate</b>	0.34%
<b>Population born overseas</b>	8.6%
<b>Employment rate</b>	96%
<b>Rateable properties</b>	15,304



## Our Location

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

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

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

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

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

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



Photos Beach: Kellie Newman / Redwoods: Amila Wijekoon /  
Volcanic Plains: Belinda Rocka / Rainforest: Kellie Newman

## Our History

Before European arrival in the district, Colac was known as “Kolak” or “Kolakgnat” which means ‘belonging to sand’ to the Gulidjan People of the Eastern Maar Nation. The Gadubanud people occupied the rainforest, estuaries, grass and wetlands and coastline of the Otways. Lake Colac, the Volcanic Plains and the Otways provided a rich and diverse food supply, including drinkable water from Lake Colac in the south-east and the Woody Yaloak River to the north. Ownership and custodianship of these areas spans thousands of years and is still present today.





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

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

Colac Otway Shire came into being in 1994 as a result of enforced Local Government amalgamations. The former City of Colac, Shire of Colac and Shire of Otway were amalgamated. This also included parts of the Shire of Heytesbury and Winchelsea\*.

The origin of Otway is revealed in the logbooks of The Lady Nelson, 1800, captained by Lieutenant James Grant where he notes on seeing the cape, "I named it Cape Albany Otway (now Cape Otway) in honour of William Albany Otway, Esquire, Captain in the Royal Navy."

## Our Community

Our resident population is 21,503, as at 30 June 2018. Approximately 83.2% of the Shire's residents were born in Australia and of those born overseas, only 4.2% came from non-English speaking backgrounds.

The forecast through to 2041 is for growth of approximately 23.39%; this significant increase is expected with the completion of the dual highway to Geelong. The duplication will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change.

With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

## Employment

The five major industry sectors are:

- Manufacturing (1,291 persons or 13.5%)
- Health Care & Social Assistance (1,209 persons or 12.7%)
- Agriculture, Forestry & Fishing (1,191 persons or 12.5%)
- Retail Trade (872 persons or 9.1%)
- Tourism (835 persons or 8.7%)

In combination, these five industries employed a total of 5,398 people or 56.5% of the employed resident population.

### Sources

*Australian Bureau of Statistics Census 2016 - .id Consulting, Melbourne 2018*

*Colac & District Historical Society 2018 - <<http://colachistoricalsociety.org.au/history.php>>*

*Aboriginal settlement of the saline lake and volcanic landscapes of Corangamite Basin, western Victoria - Ian J McNiven*

*Aboriginal History Volume 33 – Lawrence Niewójt*





# Mayor's Message



The 2018/19 year has seen Colac Otway Shire Council secure significant state and federal funding through its advocacy, revise and achieve the strategic objectives of the 2017-2021 Council Plan and provide leadership through its focus on our community's aspirations.

Council has continued to maintain rate increases under the available State Government rate cap, delivering a two-per-cent rate rise for 2018/19 and setting a 0.5-per-cent rate increase for the 2019/20.

Council's ongoing advocacy efforts on behalf of our communities resulted in more than \$20 million committed by State and Federal Governments towards major infrastructure projects across the shire.

Our coastal communities will see a redeveloped Apollo Bay Harbour Precinct; improved infrastructure at Kennett River; and a walking trail from Skenes Creek to Apollo Bay through City Deal funding.

Council was able to attract significant funding for an upgrade to Colac's Western Oval, Central Reserve Netball Courts and lighting, improvements to the velodrome at Elliminyt Recreation Reserve, a new playground at Colac's Memorial Square, a new Wydinia Kindergarten playspace, a major upgrade of the Apollo Bay Harbour boat trailer parking area, and detailed design work for an expansion of the Forrest Mountain Bike Trail.

The State Government's Great Ocean Road Action Plan also responded to Colac Otway's advocacy for "one authority" to oversee the management of the iconic tourist route which celebrates its centenary this year.

Council has welcomed the completion of the action plan as our Great Ocean Road communities continue to face a range of challenges from coastal erosion to increasing tourism demands on existing infrastructure.

In addition to encouraging our residents to be part of action plan process, Council has continued to place an emphasis on community engagement and consultation in its development of the Shire's Tourism Parking and Traffic Strategy and the Apollo Bay, Skenes Creek and Marengo Community Infrastructure Plans.

Council has agreed to continue managing the Port of Apollo Bay for the next three years, after completing important improvements over the past 12 months including jetty repairs, upgraded facilities and new navigational aids which has been welcomed by port users and the community.

Improvements along the Lake Colac foreshore, as part of the Lake Colac Foreshore Master Plan have also been well received by residents and visitors, particularly the creation of a beach, new lighting, the removal of old pine trees, new native plantings, new paths and new seating.

A community initiative 'Just Add Water' evolved towards the end of the 2018/19 year into a proposal to investigate the feasibility of pumping recycled water from Black Rock Reclamation Plant to Lake Colac with multiple benefits for local industry, agriculture and the environment.

The completion of the Colac 2050 Growth Plan, which will guide residential development over the next 30 years, is another important achievement of the current Council.

I am also proud that our Council has returned Colac's former library annexe to the community in the form of the Makers' Space - a permanent home for our arts community.





Council is now looking forward to developing a Colac Civic, Rail and Health Precinct Plan to ensure a strategic approach to future development in the area.

As Mayor and a member of the Local Government Mayoral Advisory Panel, I have been able to raise key issues impacting rural councils including the current rating system, population growth and the proposed Local Government Bill.

Colac Otway Shire Council remains focused on the four strategic themes in the Council Plan; Our Prosperity; Our Places; Our Community; Our Leadership and Management and we look forward to continuing to place the needs and passion of our community at the forefront of our decision making.

I would like to thank our Councillors for their commitment to Colac Otway residents and our local businesses, community groups and Council officers for their contribution to our vibrant community.

A handwritten signature in blue ink, appearing to read 'Jason Schram'.

**Cr Jason Schram,  
Mayor**





# Chief Executive Report



On behalf of Colac Otway Shire Council, I am proud to present our Annual Report for 2018/19.

This report details Council's achievements and performance against the objectives of Colac Otway's Council Plan 2017-2021, as revised 26 June 2019.

We have outlined what we are doing well and where we can improve our service to the shire community to ensure it reaches its short and long-term goals.

This report tells of the great advocacy work that has resulted in unprecedented funding for major infrastructure projects across the shire, along with significant operational initiatives which will guide the current and future wellbeing of our community.

Colac Otway Shire Council accepted the resignation of Cr Terry Woodcroft in August, 2018, and former Councillor Brian Crook accepted the extraordinary position after a VEC countback.

We have welcomed Councillor Jason Schram to the role of Mayor and Cr Joe McCracken to the position of Deputy Mayor.

Grant application, advocacy and other work at federal level has essentially doubled for Council however the potential opportunity for funding for communities across the two electorates has also increased.

An AEC electoral boundary review has moved the Corangamite-Wannon boundary, with a majority of the shire in Corangamite and the north-western area, including Colac now in the Wannon electorate.

## Highlights

- Geelong City Deal funding commitment: \$12m for Apollo Bay Harbour Precinct; \$1.9m Kennett River parking and infrastructure improvements; \$5m for the Skenes Creek-Apollo Bay Walk.
- Colac Foreshore Masterplan Stage one completion.
- Colac Otway Tourism Parking and Traffic Strategy completion.
- Wye River – Separation Creek Renewal Plan progress, with 19 of 23 outcomes achieved.
- ICT Upgrades & Initiatives to improve efficiencies across the organisation including launch of Trapeze system for online planning applications.
- Forrest Mountain Bike Trail Detailed Design commencement.

## Performance against Council Plan

- Colac 2050 Plan completion
- Adoption of Council's Economic Development Strategy
- Adoption of Council's Colac Otway Tourism Parking and Traffic Strategy
- Commencement of the Apollo Bay, Marengo and Skenes Creek Community Infrastructure Plan
- Provision of more than \$280,000 to 89 community groups, events and business owners through the 2018/19 Community Grants program
- Regular inspections show continual improvement in kerbside recycling contamination rates





## **Financial performance**

At 30 June 2019, council's financial position remains strong with more than \$300 million of community assets under council's stewardship.

Council's closing cash balance totalled \$20.5 million to meet its future obligations.

Council further reduced its level of borrowings by \$649 thousand to total \$2.7 million at year end.

Council's Strategic Resource Plan through to 30 June 2023 identifies several performance indicators in decline and Council will have some challenges in meeting the current service and asset renewal levels without increasing revenue or further reducing costs.

## **Challenges**

Community feedback, through the results of the 2019 Colac Otway Shire Community Satisfaction Survey, shows a two-point improvement in our overall performance, and identifies the areas where the community wants to see improvement.

IT upgrades to improve planning application efficiencies and Council initiatives to reduce red tape in planning are already being rolled out, and aim to increase community satisfaction with building and planning services.

Community satisfaction in the Apollo Bay area is lower than in Colac.

Council anticipates that investment along the coast through City Deal commitments, and new strategies to address tourism parking and traffic issues, and plan for improved community infrastructure will be seen as important responses.

Council has provided opportunities for trainees and apprentices in 2018/19 and is focused on addressing staff retention, which will provide continuity for quality service delivery.

Overall, Colac Otway Shire has experienced a year of great progress, with a duplicated highway between Colac and Melbourne set for completion in the near future, sustained tourism growth, significant investment interest from the private sector and ambitious projects planned and proposed.

I would like to acknowledge the work of Cr Schram as Mayor and our six Councillors and sincerely thank the staff of Colac Otway Shire for their work and dedication

**Peter Brown**  
Chief Executive





# Our Council

Our Council was democratically elected on 22 October 2016 and deserves its role, powers and functions primarily from the Local Government Act 1989. Council's role is 'to provide good governance ... for the benefit and wellbeing ... (S7(1)) of our municipality. This broadly covers a range of legislative and functional activities including strategic planning, advocacy, representation, policy development and law making.

Council sets the overall direction for our municipality through long-term planning; examples include the Council Plan, financial plans, the municipal strategic statement and other strategic plans. Setting the strategic vision and then ensuring it is achieved is one of Council's most important roles. For additional information on the role and powers of Council, please see page 76.

## Cr Jason Schram

### Mayor



First elected: 2016

T: (03) 5232 9405

M: 0428 326 410

E: [councillor.schram@colacotway.vic.gov.au](mailto:councillor.schram@colacotway.vic.gov.au)

#### **Delegation to committees of Council**

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee
- Audit Committee
- Lake Colac Co-ordinating Committee
- Representing Council on other committees and groups**
- Apollo Bay Harbour Precinct Redevelopment Project Control Group
- G21 Board
- G21 Sports & Recreation Pillar
- Australian Local Government Association
- Roads Advisory Committee

## Cr Joe McCracken

### Deputy Mayor



First elected: 2016

T: (03) 5232 9409

M: 0427 749 918

E: [councillor.mccracken@colacotway.vic.gov.au](mailto:councillor.mccracken@colacotway.vic.gov.au)

#### **Delegation to committees of Council**

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee
- Friends of the Colac Botanic Gardens Committee
- Representing Council on other committees and groups**
- COPACC Trust
- Roads Advisory Committee





## Cr Brian Crook



First elected: 2002  
Re-elected: 2004, 2008, 2012, 2018  
T: (03) 5232 9407  
M: 0417 559 258  
E: [councillor.crook@colacotway.vic.gov.au](mailto:councillor.crook@colacotway.vic.gov.au)

### Delegation to committees of Council

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee

### Representing Council on other committees and groups

- Community Hub Inc
- Rural Council Victoria
- G21 Arts & Culture Pillar
- G21 Transportation Pillar
- Timber Towns Victoria Committee
- G21 Planning & Services Pillar

## Cr Kate Hanson



First elected: 2016  
T: (03) 5232 9410  
M: 0409 038 843  
E: [councillor.hanson@colacotway.vic.gov.au](mailto:councillor.hanson@colacotway.vic.gov.au)

### Delegation to committees of Council

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee

### Representing Council on other committees and groups

- Barwon South West Waste & Resource Recovery
- Otways Tourism Advisory Committee
- Rural Council of Victoria
- G21 Health & Wellbeing Pillar
- Municipal Association of Victoria

## Cr Stephen Hart



First elected: 2002  
Re-elected: 2008, 2012, 2016  
T: (03) 5232 9406  
M: 0407 962 412  
E: [councillor.hart@colacotway.vic.gov.au](mailto:councillor.hart@colacotway.vic.gov.au)

### Delegation to committees of Council

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee
- Audit Committee

### Representing Council on other committees and groups

- Colac Community Library & Learning Centre Joint Use Committee
- Corangamite Regional Library Corp
- Lavers Hill Swimming Pool Committee of Management
- Municipal Association of Victoria
- G21 Education & Training Pillar
- G21 Environment Pillar





## Cr Chris Potter



First elected: 2016

T: (03) 5232 9408

M: 0427 821 435

E: [councillor.potter@colacotway.vic.gov.au](mailto:councillor.potter@colacotway.vic.gov.au)

### Delegation to committees of Council

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee

### Representing Council on other committees and groups

- Colac 2050 Growth Plan project Control Group
- Colac Road Safety Group
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Planning Committee
- Apollo Bay Consultative Committee
- G21 Economic Development Pillar
- Australian Local Government Association
- G21 Planning & Services Pillar
- Apollo Bay Harbour Precinct Redevelopment Project Control Group
- Apollo Bay Harbour User Group

## Cr Chris Smith



First elected: 2004

Re-elected: 2008, 2012, 2016

T: (03) 5235 1255

M: 0419 351 255

E: [cjmjsmith@bigpond.com](mailto:cjmjsmith@bigpond.com)

### Delegation to committees of Council

- Planning Committee
- Chief Executive Appraisal Committee
- Special Committee
- CE Recruitment Special Committee
- Central Reserve Advisory Committee
- Colac Livestock Selling Centre Advisory
- Lake Colac Co-ordinating Committee

### Representing Council on other committees and groups

- Barnard Trust Committee
- Mooleric Road Quarry Committee
- Municipal Aerodrome Committee
- Section 86 Old Beechy Rail Trail Committee
- Ondit Quarry Consultative Committee
- Rural Financial Counselling Service Vic
- Tirrengower Drainage Scheme Committee of Management
- Weeds Consultative Committee
- COPACC Trust

*\*Readers should be aware that the contact details listed in this report for Cr Smith are not the official Council communication channels for a Colac Otway Shire Councillor. As such, Council will not have access to these communications or records.*



Terry Woodcroft resigned effective 6 August 2018 and was replaced by Cr Brian Crook as a result of a countback process. We thank Terry for his valuable contribution during his time on Council.





# Financial Summary

The purpose of the Annual Report is to convey the performance of Council for the 2018/19 financial year. From a finance perspective, it is important to consider this Annual Report in conjunction with the Council Plan, incorporating Council’s Strategic Resource Plan, which focuses on the longer term objectives of Council.

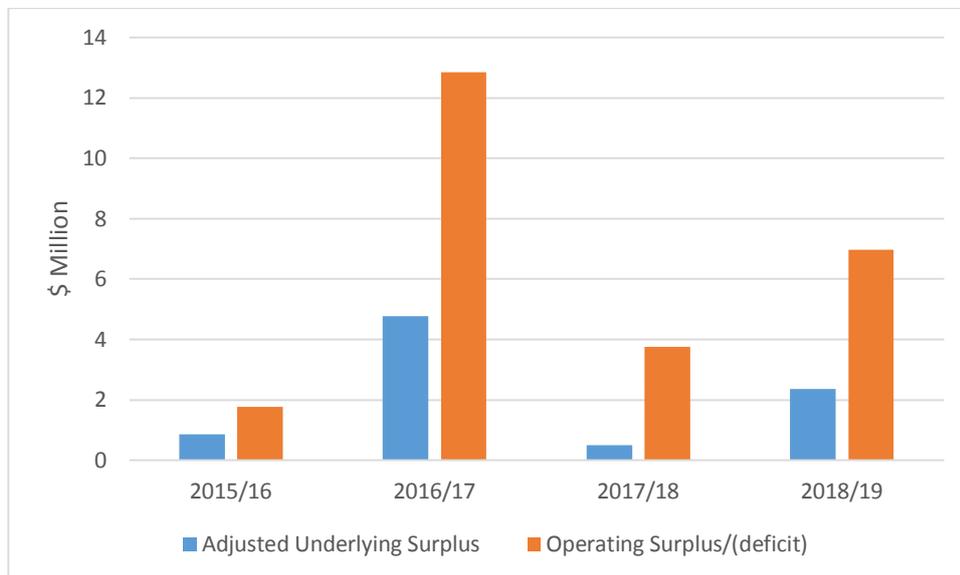
This document can be found on Council’s website at [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)

Overall, Council’s financial position continues to remain sound. A summary of our performance is outlined below. Detailed information relating to council’s financial performance is included within the financial statements and performance statement sections of this report.

## Operating position

Council achieved a surplus of \$6.97 million in 2018/19, which is an increase of \$3.2 million from 2017/18 and \$8.9 million favourable to the original budget. As per Note 1 in the Financial Statements, the favourable variance to budget is primarily due to receiving an additional \$9.6 million in operating grants and \$4.1 million of capital grants. \$5.66 million of this unbudgeted funding related to flood and bushfire recovery activities, \$3.7 million related to 2019/20 Federal Assistance Grants (FAG’s) that were received in advance and \$1.57 million related to additional funding for the management of Port of Apollo Bay.

The adjusted underlying surplus of council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$2.36m or 4.14% when compared to adjusted underlying revenue. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$320 million of community assets under council’s control.



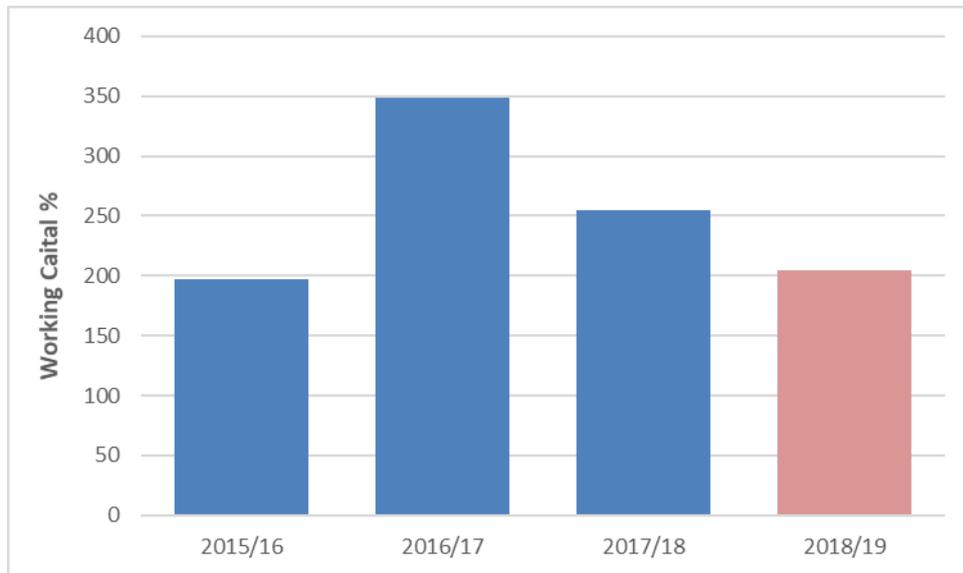
## Liquidity

Cash has decreased by \$3 million from the prior year primarily due to funding 100% (\$18.97m) of the capital works program from operating cash and cash reserves. No additional loans and borrowings were undertaken in 2018/19 and \$649k of existing loans and borrowings were repaid which further reduced Council’s cash balance.





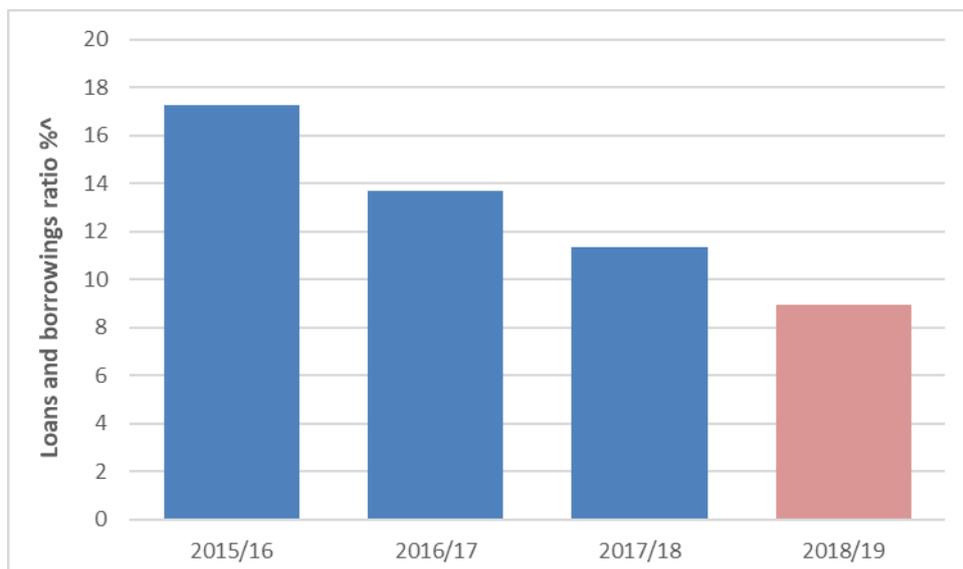
The working capital ratio which assesses council's ability to meet current commitments is calculated by measuring council's current assets as a percentage of current liabilities. Council's result of 205% is an indicator of satisfactory financial position and within Local Government Victorians expected target band of 100% to 400%.



### **Obiligations**

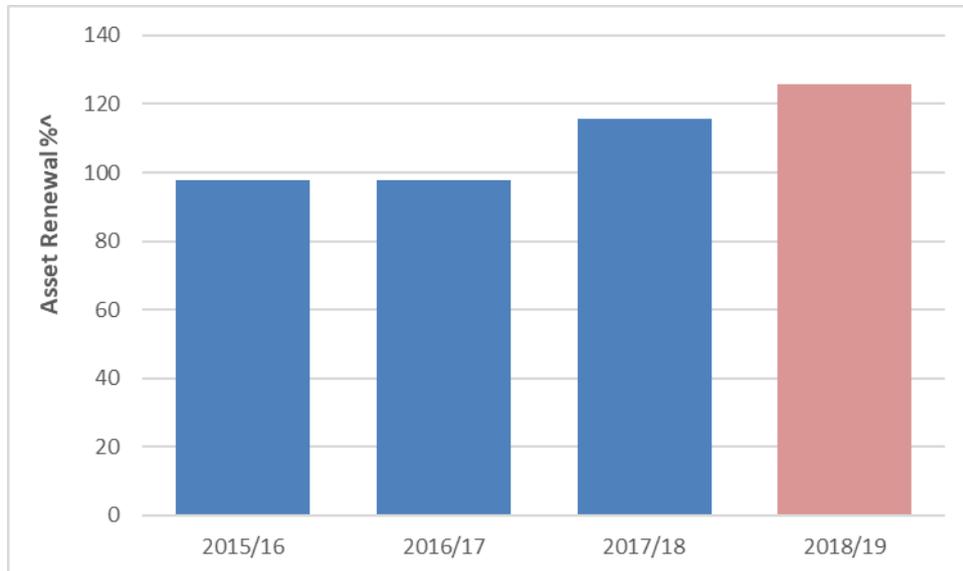
Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, council invested \$12.9 million in renewal works during the 2018/19 year. This was funded from operations and cash reserves.

At the end of the 2018/19 year, council's debt ratio which is measured by comparing interest bearing loans and borrowings to rate revenue was 8.92% which is well below Council's maximum threshold of 20%.

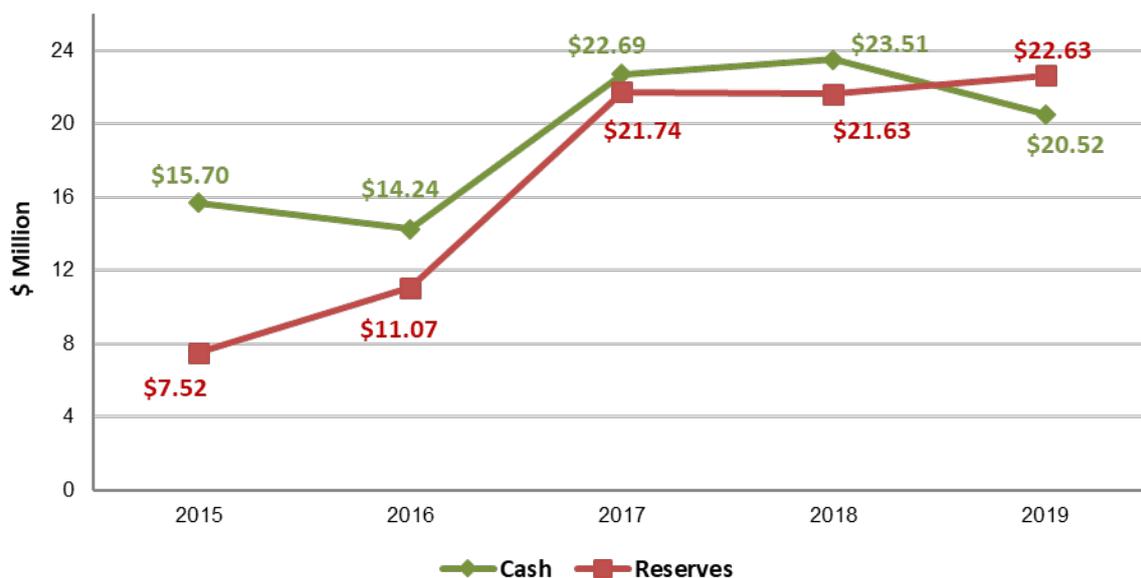




Council's asset renewal ratio which is measured by comparing asset renewal expenditure to depreciation was 126% which was in excess of Council's target of 100%.



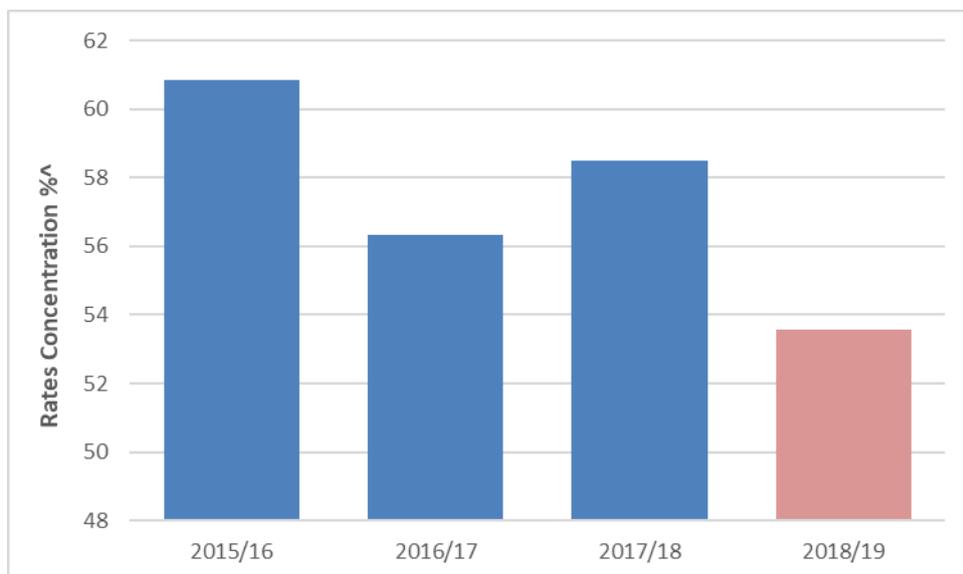
Council also has a policy to establish cash reserves to meet specific future obligations. At 30 June 2019 Council's established reserves totalled \$22.6m (refer Note 9.1 of Financial Statements), which exceeds Council's cash balance by \$2.1m. This means that some of Council's reserves will not be 'cash backed' for a period of time, until Council can take steps to increase its cash balance.





### Stability

Council raises a wide range of revenues including rates, user fees, grants and contributions. Council's rates concentration which compares rate revenue to adjusted underlying revenue was 53.55% for the 2018/19 year which is expected to be much lower than similar councils primarily due to the high level of grant funding received in 2018/19. A rate concentration ratio of approximately 60% is widely considered a healthy balance of not being over reliant on external funding to remain sustainable.



Further information on Council's performance can be found on the Know Your Council website [www.knowyourcouncil.vic.gov.au](http://www.knowyourcouncil.vic.gov.au)





# Our Operations

Colac Otway Shire is responsible for 49 services and facilities across a wide range of areas including Community Services, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building, Economic Development and Tourism, Parks and Gardens; and ensuring accountability for council's budget.

This broad range of community services and infrastructure for residents supports the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan 2017-2021 and the associated budget 2018/19 and reported upon in this document.

The delivery of services, facilities, support and advocacy to achieve the Strategic Objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under Victorian and Australian legislations.

## Economic factors

The main economic factor to note for 2018/19 is the fact that Council has recognised \$7.84m of grant revenue that has been received in advance. This amount relates to Federal Assistance Grant's (\$3.66m), Disaster Recovery (\$2.16) and Port of Apollo Bay (\$2m) which are all being held in reserve.

## Major Changes

In 2018/19 Council implemented a major change to the structure of its Chart of Accounts. The purpose of this project was to streamline and rationalise what had become a complicated structure within its General Ledger, in order to improve reporting and accountability.

Council also made the following changes to the organisation's structure:

- The Governance team was transferred to the Executive Division, with the Governance Manager's role expanded to include the Communications Department and oversee the Executive Assistants of the Office of the Mayor, CE and Councillors. The Governance & Communications Manager now reports to the Chief Executive.
- Customer Assist and Procurement and Contracts (which formerly reported to Governance Manager) remained in the Corporate Services Division, and these Coordinators now directly report to the Corporate Services General Manager.
- Landfill and Waste Management (which formerly reported to Governance Manager) was transferred to the Infrastructure & Leisure Services Division and the officers report directly to the Services & Operations Manager.

The changes to the Governance & Communications teams were implemented to better support the Chief Executive and Councillors.

The changes to the Waste Management team were implemented to better align service delivery in the organisation.





# Major Capital Projects

Major projects are essential to achieve Council's aims to provide safe, accessible and suitable infrastructure that is fit for purpose for our community needs.

Council undertook a wide range of capital projects across the 2018/19 financial year involving renewal of our existing assets as well as upgraded and new infrastructure that directly improved facilities for our community and visitors.

Council undertook a wide range of capital projects across the 2018/19 financial year involving renewal of our existing assets as well as upgraded and new infrastructure that directly improved facilities for our community and visitors.

The Statement of Capital Works in the Financial Statements shows Council delivered a total of \$18.97 million. \$1.2 million relating to property, \$1.1 million relating to plant and equipment and \$16.7 million relating to infrastructure.

The following major projects were delivered within this program.

## **Murray and Pascoe Streets Upgrade, Apollo Bay**

Council undertook a project to renew dilapidated pavement on Murray and Pascoe Streets in Apollo Bay as well as providing much needed footpaths along these two streets. In partnership with our contractor, we were able to overcome some challenging ground conditions at the site to produce a positive outcome for residents.

The road pavement renewal component was funded through Roads to Recovery and the footpath component funded through Council's footpath extension program.



## **Coastal Tourism Parking and Traffic Strategy**

Adopted by Council at the June 2019 Ordinary Council Meeting, the Coastal Tourism Parking and Traffic Strategy will provide Council with guidance for introducing infrastructure projects to overcome the ongoing problems created in coastal townships by inundation from tourists. Some highlights of the strategy include:

- Potential for making the Apollo Bay foreshore more accessible to pedestrians through diverting Great Ocean Road traffic via Pascoe Street.
- A concept for restricting access for large tour coaches at Kennett River to manage tourist numbers visiting the town.

The strategy was 50% funded through Building Better Regions Funding.

## **Fire and Flood Recovery Projects**

The Bushfire and Flood Recovery Infrastructure team was successful in delivering a number of important drainage and road stabilisation projects.





Flood recovery projects included the completion of the \$1.5 million Stanway Drive drainage and stabilisation works, five retaining structures at Blue Johanna Road, four retaining structures at Old Bay Road, two retaining structures at Lardners Track, and commencement of the culvert replacement works at Creamery Road.

Wye River and Separation Creek bushfire recovery works included the completion of the \$2 million table drain and driveway culvert drainage project and the commencement of the \$1.25 million pits and pipes project.

In total \$2.14 million of works was delivered for Bushfire Recovery and \$3.91 million for flood recovery infrastructure works, totalling \$6.05 million.

## Highlights

### Sealed Road Reconstruction

Works have been successfully completed as planned to renew the ageing pavement to segments of the following local roads:

- Murray and Pascoe Streets Upgrade
- Warrowie Road
- Queen Street
- Aireys Street
- Fyans Street
- Carpendeit-Bungador Road, Bungador
- Conns Lane
- Rossmoyne Road / Kennys Lane intersection
- Parkinson Street / Baillie Street intersection
- Binns Road Upgrade

## The Year Ahead

- Continuing the much needed work that commenced in 2018/19 to collect accurate and current asset condition data across all of our assets.
- Collaborating with Service Managers to get an accurate and comprehensive understanding of service levels required of our assets.
- Continuing to achieve a high level in Project Delivery by again delivering in excess of 90% of the capital works program.

## Capital Projects Statistics 2018/19

**134** Bridges and Major Culverts maintained

**133km** of Footpaths

**144** Buildings





# Fast Facts about Our Services

<b>286</b>	<b>People attended local business development forums</b>	<b>2,093</b>	<b>Immunisations performed</b>
<b>13,126</b>	Phone calls to Visitor Information Centres	<b>392</b>	Flu vaccinations
<b>120,056</b>	Walk-in visitors to Visitor Information Centres	<b>27,014</b>	Bluewater casual visits
<b>26,353</b>	Animals through the Colac Regional Saleyards	<b>97,296</b>	Bluewater member attendance
<b>123km</b>	Unsealed roads renewed	<b>2,256</b>	Crèche attendance at Bluewater
<b>1,652km</b>	Footpaths reconstructed	<b>1,799</b>	Bluewater new memberships
<b>10km</b>	Trees trimmed on rural roads	<b>908</b>	COPACC events
<b>3,000</b>	Guideposts replaced on rural roads	<b>18</b>	Exhibitions at COPACC
<b>3,618</b>	Respite care hours	<b>94.4%</b>	Rates collected by year end
<b>15,420</b>	Home care hours	<b>15,391</b>	Rateable properties
<b>12,630</b>	Personal care hours	<b>2,158</b>	Pension rebates on property rates
<b>197</b>	Children registered in Family Day Care	<b>1,129</b>	Land information certificates issued
<b>5,275</b>	Community transport hours	<b>25,024</b>	Inwards correspondence processed
<b>4,485</b>	Meals delivered	<b>4,123</b>	Dogs registered
<b>3,012</b>	Maternal Child Health consultations	<b>1,400</b>	Cats registered
<b>221</b>	Birth notifications received	<b>77%</b>	Percentage of animals returned to owners or rehomed
<b>435</b>	Food safety inspections	<b>3,150</b>	Trees, grasses, lilies & shrubs planted
<b>529</b>	Premises selling food	<b>925</b>	School children participated in six environmental activities





# Our Executive Team

## Role of the Chief Executive and the Administration

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

The administration is formally accountable to the CE. Its role is to provide advice and reports to Council to assist in decision making, implement Council decisions and to oversee the delivery of services. For additional information see the Corporate Governance section on page 84.

## Peter Brown

### Chief Executive

**Bachelor of Economics; Grad Dip Business (Accounting); Grad Dip Local Government; FCPA, LGPRO**

**Major Functions:** Council Support and Governance; Advocacy; Communications.

Peter has a degree in Economics and has more than three decades' experience in local government including seven years as Horsham Rural City Chief Executive. Prior to his position at Horsham Rural City, Peter served as Director of Corporate Strategies with the Warrnambool City Council and also Chief Executive of Wimmera Uniting Care. Peter has a strong interest in regional communities and the benefits of collaboration with neighbours and other levels of government to achieve mutually beneficial outcomes.



## Errol Lawrence

### General Manager Corporate Services

**Diploma of Accounting; Company Directors Diploma**

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

Errol has owned and operated a successful business and has an extensive background in finance in the private sector, with 22 years in the automotive industry. Before relocating to Colac from Perth in 2017, he worked in Local Government for 12 years as a Director at the City of Kwinana.





## Tony McGann

### General Manager Infrastructure & Leisure Services

**Masters of Business Administration; Bachelor Civil Engineering**

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

Tony is a Civil Engineer with a Master's Degree in Business Administration. He has more than 30 years' experience as a leader in local government and in the provision of infrastructure to communities. His passion is setting Colac Otway Shire up for long term sustainability and finding ways to engage with the broader community about setting direction on services and the assets needed to provide them.



## Ian Seuren

### General Manager Development & Community Services

**Bachelor of Applied Science (Human Movement); Master of Sport Business**

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

Ian has over 20 years' experience in the public service and not-for-profit sectors. With considerable experience in both local and state government organisations, Ian's career has focussed on community and business engagement, delivering on public sector policy. Ian has been employed with Colac Otway Shire since 2010, firstly as Manager Arts and Leisure before progressing to the position of General Manager Development and Community Services. Ian lives in Elliminyt with his young family and enjoys volunteering roles on a number of community boards and committees.



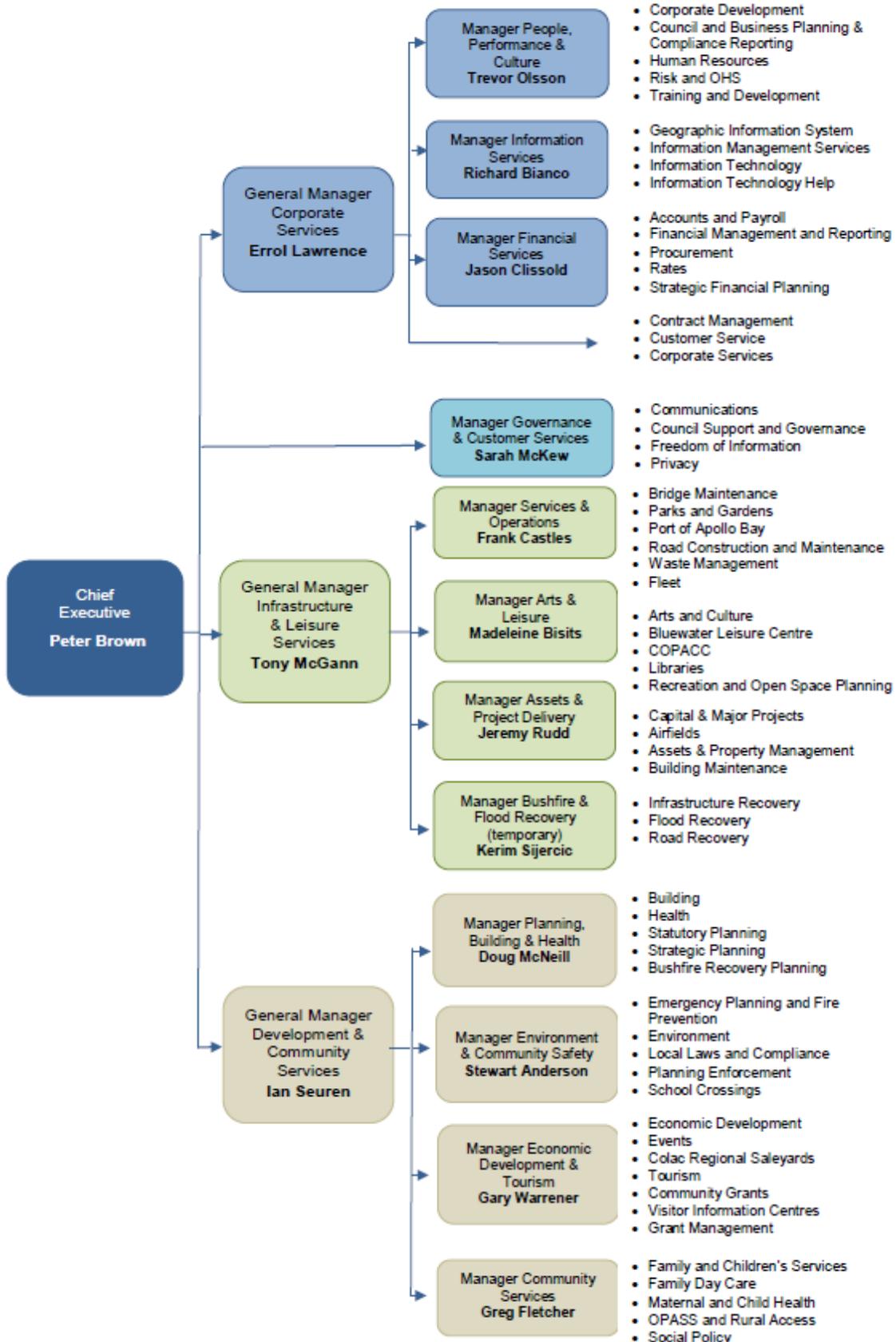
## Sarah McKew

### Manager Governance & Communications

Sarah is part of the Executive Management Team also, as the Manager Governance & Communications, Sarah's role is an important part of the Executive.



# Organisation Structure





## Our People

Our workforce is predominantly permanent full-time at 67% with 28% permanent part-time and 5% casual. Employment type by gender indicates that males constitute 66% of permanent full-time roles whilst females are strongly represented in part-time and casual work at 81% and 61% respectively. The gender profile and composition of the workforce is reflective of the typical contemporary workforce and has remained consistent over the past seven years.

A summary of the number of full time equivalent (FTE) council staff by organisational structure, employment type and gender is set out below.

Employee Type/Gender	CE FTE	Corporate Services FTE	Infrastructure & Leisure Services FTE	Development & Community Services FTE	Total
Permanent FT - F	6	17	14	16	53
Permanent FT – M	1	13	66	23	103
Permanent PT - F	0	7	9	42	58
Permanent PT – M	0	1	4	3	8
Casual – F	0	2	4	1	7
Casual - M	0	0	4	0	5
<b>Total</b>	<b>7</b>	<b>40</b>	<b>100</b>	<b>86</b>	<b>233</b>

\*Figures have been rounded when calculating, (i.e. part time hours have appeared as whole numbers)

The data has remained consistent over the past seven years. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities. Approximately 65% of full-time males work in the outdoor crews (Parks and Gardens, Road Maintenance etc).

### Staff by employment category and gender

A summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below:

Employment Classification	Males FTE	Females FTE	Total FTE
Band 1	1	2	3
Band 2	11	21	32
Band 3	28	12	40
Band 4	17	25	42
Band 5	6	23	29
Band 6	18	20	38
Band 7	13	9	22
Band 8	5	4	9
Band not applicable	15	4	19
<b>TOTAL</b>	<b>115</b>	<b>118</b>	<b>233</b>

\*Figures have been rounded when calculating, (i.e. part time hours have appeared as whole numbers)

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





### **Recruitment**

There were 88 positions advertised during this reporting period, compared to 102 for 2017/18. We received 612 applications, including multiple applicants for positions traditionally difficult to fill. Vacancies ranged across Infrastructure and Engineering, Administration, Finance, Recreation Services, Health and Community Services and Services and Operations.

### **Student work placements**

Students are provided with the opportunity to undertake practical work experience from which they gain valuable work skills in a friendly and supportive environment, whilst learning more about career opportunities at Council and Local Government.

In 2018/19 we provided work experience placements for 17 local and metropolitan based students, an increase of four from the previous year.

Fifty percent of placements were obtained by secondary school students which benefits their development by:

- Creating an understanding of the work environment, the industry in which the placement is undertaken, and of employers' expectations
- Increasing self-understanding, maturity, independence and self-confidence, especially in the workplace
- Increasing motivation to continue to study or undertake further training
- Allowing a student to determine if they would like to pursue a particular career or not.

We also collaborated with the South West Local Learning & Employment Network (SWLLEN) and hosted a ten-week placement for a student in Year 12. Below is a breakdown of where students were placed:

Unit	Secondary	University / TAFE	Total by unit
Bluewater Leisure Centre	6	6	12
Information Technology	2	1	3
Immunisation Nurse	0	1	1
Bushfire Recovery	0	1	1
Planning	0	1	1
<b>Total by Placement</b>	<b>8</b>	<b>10</b>	<b>18</b>

### **Equal Employment Opportunity**

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

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





All staff are required to attend mandatory Equal Opportunity/anti-discrimination and unacceptable workplace behaviour refresher training at regular intervals. This year we engaged Dr Jennifer Whelan to deliver “Diversity and Inclusion” training. Dr Whelan talked about unconscious bias, how it is formed and embedded and challenged us to become more aware of our own bias and become more comfortable challenging others.

Council has a formal internal grievance policy and procedure that enables staff to raise complaints. Compliance with EEO requirements is monitored by the People, Performance and Culture Department.

### Learning and Development

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

In 2018/19 we continued to build on the development of our staff with increased training and an emphasis on building leadership capability, which continues to be a corporate priority. We want our employees to have every opportunity to grow their skills and knowledge through access to targeted professional and personal development. Growing individual and corporate capability enables us to improve service delivery to the community, increase organisational efficiency and strategic agility. It also supports internal career progression and the attraction and retention of highly skilled staff.

Our highlights in the 2018/19 year were:

- The progression of Gender Equity in the organisation through the establishment of a Gender Equity Working Group and delivery of Diversity and Inclusion training by Dr Jennifer Whelan, an expert in organisational corporate diversity and inclusion.
- Further development of leadership skills to improve the performance, alignment and engagement of our staff.
- The commencement of a 12-month Coaching and Mentoring personal and professional development program for 13 mentors and 13 mentees.

#### *Programs delivered during 2018/19*

<b>Training</b>	<b>Attendance</b>	<b>Training</b>	<b>Attendance</b>
Microsoft Office Programs	58	5 Day Health & Safety Representative	2
Fraud Prevention & Conflict of Interest/ Unacceptable Workplace Behaviour	207	First Aid & CPR Refresher	12
TRIM Upgrade (records mgt system)	107	Fire Extinguisher Usage	15
Performance Development & Management / Difficult Conversations	64	Fire & Emergency Warden	13
Doc Assembler (reporting system)	49	Fire & Emergency Chief Warden	13
Probity	59	Domestic Violence Awareness	6
Positive Leadership	48	Diversity and Inclusion	100
Mental Health for the Leadership Group	47	Public Speaking	13





## **Staff Alignment & Engagement Survey**

All staff were invited to participate in a brief “pulse” Staff Alignment and Engagement Survey which was undertaken in March 2019. We achieved a solid response rate of 60%. The survey was independently conducted by a specialist survey company, Insync.

The organisational wide Alignment score increased to 53% (compared with 42% in April 2018) and the Engagement score increased to 62% (compared with 49% in April 2018).

A number of briefing sessions were delivered across the organisation to communicate the outcomes of the survey and to discuss what opportunities lie ahead to further improve workforce culture.

## **Supporting our employees**

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

- 24/7 face-to-face and telephone counselling
- Manager hotline
- Health and wellbeing services
- Extensive online resources e.g. health risk assessment, mortgage assist, finance assist and legal assist.

## ***Flexible work options***

Our Flexible Work Options Policy and Toolkit was designed to respond to requests from staff and managers for more information about flexible work options, how to access them and how to implement them. The policy provides for options including phased/gradual transition to retirement, change of work hours, purchased leave, career break and working from home. The toolkit is a practical workbook designed to help staff and managers identify and work through potential obstacles and options relating to a specific request.

During 2018/19, 16 employees negotiated formal flexible work arrangements and feedback to the flexible work options available to our staff continues to be very positive.

## **Appreciating our Staff**

As an organisation we aim to ensure that staff feel valued and appreciated for the work they do and their dedication to serving the Colac Otway Shire community. We celebrate their work achievements through peer nominations for outstanding work, display of our organisational values and positive behaviours at the quarterly Champagne and Innovation Awards event.

The Annual Years of Service Awards Presentation is also a formal event where we celebrate key milestones in staff years of service.





This year 37 employees were recognised for key service milestones in the following categories:

**35 Years:** Helen Evans.

**30 Years:** John Farnes, Sue Mulder, Peter McLeod, Gregory Fletcher.

**25 Years:** Mathew McCrickard, Christopher Rolling.

**20 Years:** Barbara Paine, Paul Carmichael, Denise McCarthy.

**15 Years:** Julie Hargreaves, Luke Riches, Graeme Murphy, Kathi Morrissy, Janet Quigley.

**10 Years:** Maree Powell, Judith Forssman, Peter Mitchell, Vicki Jeffrey, Carryn Haynes, Sharyn Rayner, Tamzin McLennan, Natalie Atherden, Brian Cooper, Lynne Richardson, Kylie Carew, Dianne Quigley, Mariza Bloomer.

**5 Years:** Marcus Pola, Anneke Martin, Jayden Hodge, Bradley Hutson, Michael Slater, Rebecca Kettle, Sheryl O'Connor, Kristen Black, Samara Riley.



## Health & Wellbeing

Our Health and Wellbeing program continues to support our employees to make physical, social, mental and lifestyle improvements.

We conducted 17 events to offer various opportunities for social connection, promote an active lifestyle, as well as informative sessions regarding the benefits of nutritional eating and mental health.

Activities this year included:

- Vision Superannuation Information Sessions
- Women's Health Week Luncheon
- Mindfulness Meditation Sessions
- Healthy Wrap Day
- Active April Walking Groups
- Good Friday Appeal Hot Cross Buns and Raffle (funds to Royal Children's Hospital Appeal)
- Australia's Biggest Morning Tea
- Mental Health for Leaders
- Regular Stress Down Casual Day on the last Friday of each month





- Subsidised membership to Council's Bluewater Leisure Centre
- Operation Christmas Child (donated by staff to be sent to children overseas)
- Good Food, Good Mood presentation about Gut Health
- Morning tea for Breast Cancer Awareness
- Bandanna Day to raise funds for teens with cancer
- White Ribbon – Cheese for Change morning tea fundraiser
- Daffodil Day luncheon
- Harmony Day Multicultural morning tea

*Council staff were encouraged to get 'even more' Active in April by participating in a friendly lunchtime sporting activity. This included Cricket, Basketball, Soccer, Table Tennis and competitive Frisbee!*



*Council's Visitor Information Centre Volunteers on a familiarisation tour of our beautiful region.*





## Occupational Health and Safety

At Colac Otway Shire we have an absolute commitment to providing a safe and healthy workplace for our employees, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) Consultative Committee meets quarterly, with representation from all areas of our organisation. Ongoing OH&S training is a key element in our continuous improvement approach to health and safety performance. Employees are regularly offered and refreshed with training in First Aid/CPR, Emergency Warden and Health and Safety Representative training.

This year Council successfully implemented actions from year one of the Occupational Health Safety Three Year Strategic Plan, including:

- The completion of the first round of the internal auditing program (OHS Assist), designed to measure against regulatory responsibilities and also to fit within the requirements of AS/NZS 4801 Occupational Health and Safety Management Systems.
- Introduction of mobile duress alarms (MePACS), providing 24/7 monitoring to all staff exposed to the risks from working alone and/or remotely.
- Development and implementation of a Contractor Management Procedure, including approval to work for high-risk contractors.
- Online driver awareness and education program provided to all vehicle custodians and high-risk drivers.

Council also commenced year two of the Occupational Health & Safety Three Year Strategic Plan, making further improvements towards eliminating work-related injuries and illness, unsafe work practices, and promote the health, safety and wellbeing of all employees, contractors, volunteers and visitors.

In fulfilling our commitment to supporting staff with mental health problems and reducing the issues impacting them, Council continues to maintain a Mental Health Network to help support the role of the Mental Health First Aid Officers.

This network consists of an Employee Assistance Program, Support Officer, representation from our executive team and 16 employees from across the organisation trained in Mental Health First Aid. The Network meets quarterly with the aim of identifying and supporting those who may be suffering an acute mental health event, or may have a reduced capacity to cope, and to proactively identify and address issues impacting on the mental health and welfare of employees. In addition to this initiative, Colac Otway Shire also provided Mental Health training for all managers and supervisors this year, providing strategies for early intervention, skills to support affected staff and tools to enhance personal wellbeing and the wellbeing of staff.

## Days lost to injury

We had 725.93 days lost due to injury during the 2018/19 year; a total of 666.33 effective full-time (EFT) days compared with 201.82 EFT days in 2016/17 period. This was influenced by four significant WorkCover claims with significant recovery periods.

Whilst the 2018/19 reporting year has seen an increase in days lost to injury, Colac Otway continues to achieve and maintain overall positive return-to-work results. This is reflected in Council's "better than average" employer performance rating (Victorian WorkCover Authority calculation of performance against industry peers). A score below one is considered better than average, with Council maintaining better than average performance in 2018/19.





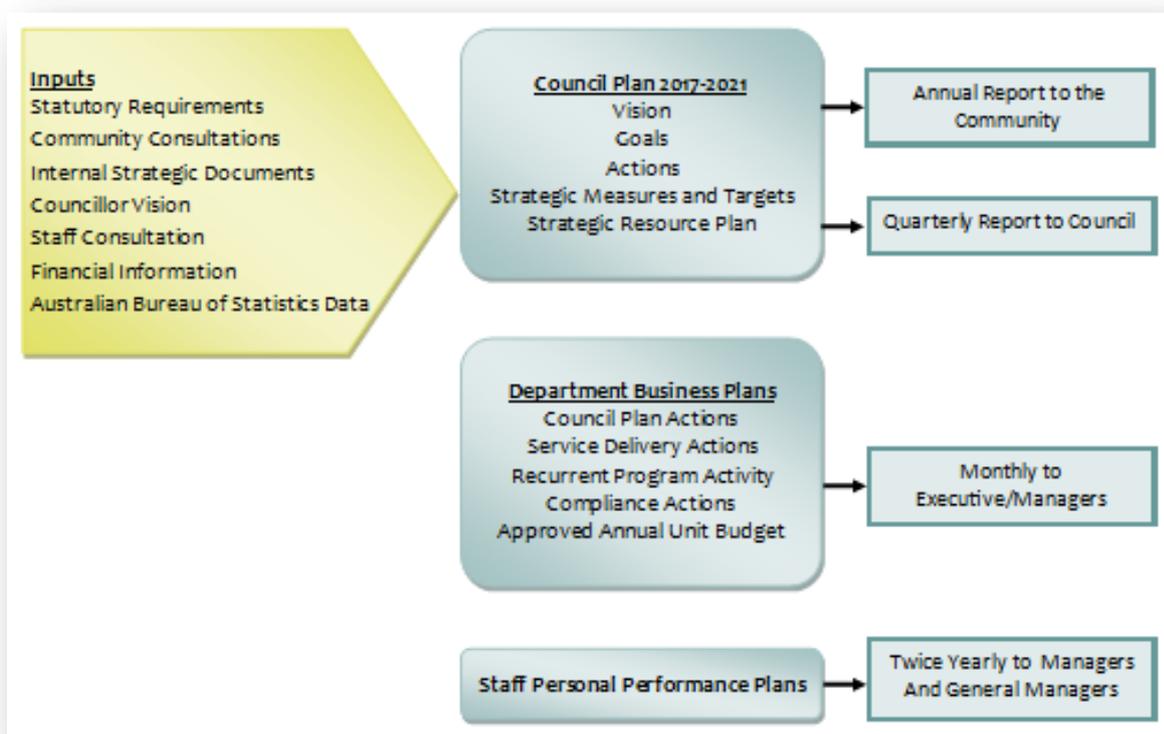
# Corporate Planning & Reporting

## Planning and accountability framework

The *Local Government Act 1989* requires Council to prepare the following planning and reporting documents:

- A council plan within the six months after each general election or by 30 June, whichever is later
- A strategic resource plan for a period of at least four years and include this in the council plan
- A budget for each financial year
- An annual report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting that make up the planning and accountability framework. Our integrated business planning generates strong linkages between the Council Plan, annual department plans and employees' individual plans.



## Council plan

The Council Plan is a high level strategic document responding to the issues faced by our community. It sets out goals, key strategic activities, performance indicators and a strategic resource plan for the four years from 2017 to 2021. This is the third year of reporting against the Council Plan 2017-2021.

The following sections report on our performance under the four themes of the Council.





# Theme 1: Our Prosperity

***We work together to improve the prosperity of our people, businesses and community partners by working to promote our beautiful shire as an attractive place to live, work, invest and visit.***

## **The importance of Our Prosperity as a Theme**

Colac Otway Shire has a diverse economy, much of it built on the natural environmental values. The area has enjoyed successful dairy and food processing industries for many decades; supports the timber industry; has a growing tourism industry built on both a striking coastline and the forests of the Otways; small, specialist food producers, many forming the Colac Otway food trail; plus, a host of local retail businesses, arts and crafts enterprises; and health and education services.

The shire has two larger towns of Colac and Apollo Bay, and a number of smaller towns. Each of these has unique attractions and supports local cultures and communities. The shire is strategically placed halfway between Geelong and Warrnambool which provides opportunities for economic development and a growing population supported by access to work.

## **Four strategies contribute to achieving our goal**

1. Plan infrastructure, assets and land use with a long-term vision for economic growth.
2. Support a thriving economy and industries.
3. Strengthen partnerships with key stakeholders to benefit the whole community.
4. Improve strategic planning and coordination of the Great Ocean Road.

Key highlights for projects and activities linked to Our Prosperity begin on page 36.



## Services contributing to Our Prosperity

The following services/activities were funded in the 2018/19 budget and contributed to achieving the goals and strategies for this Theme:

Service area	Description of service	Net Cost Actual <u>Budget</u> Variance \$000
<b>Building Control</b>	This service provides for planned building developments to meet present and future community requirements.	225 <u>189</u> <b>36</b>
<b>Events</b>	This service provides for active community involvement in the provisioning of management and support for community entertainment and events.	136 <u>234</u> <b>(98)</b>
<b>Economic Development</b>	This service facilitates a healthy and resilient economy by providing effective leadership, advocacy, and partnership, by working with government, business and the community.	777 <u>655</u> <b>122</b>
<b>Tourism</b>	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.	666 <u>585</u> <b>80</b>
<b>Apollo Bay Harbour</b>	This service manages and maintains the Apollo Bay Harbour for the enjoyment of the community.	(811) <u>78</u> <b>(889)</b>
<b>Colac Livestock Selling Centre</b>	This service provides a vital link in our rural infrastructure by providing a marketplace for buying and selling livestock.	(86) <u>(172)</u> <b>85</b>
<b>Statutory Planning</b>	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.	916 <u>754</u> <b>162</b>
<b>Strategic Planning</b>	This service ensures that land use planning is undertaken to meet the sustainable long term needs of current and future generations.	533 <u>562</u> <b>(29)</b>





## Highlights

### **Economic Development Strategy 2019-2024**

One of the major highlights of the year for the Economic Development and Tourism team was the completion and Council endorsement of the Economic Development Strategy 2019-2024.

This document will provide a framework and direction for economic development activities within the Shire through to 2024. The Strategy reflects on the significant growth experienced in all industry sectors in the Shire during the period 2015 – 2017, and identifies opportunities within those sectors.

An Implementation Action Plan was also developed and is made up of 57 actions which will be the focus of activity over the coming years. Feedback from industry and business stakeholders regarding the strategy has been very positive and work is well underway on the delivery of the Implementation Action Plan.

### **Accommodation in Colac**

Work on a study looking into the possible attraction of Four+ Star Accommodation in Colac continued. A Demand Study was completed which detailed the level of demand for accommodation in Colac. A Site Identification Study was also completed with around ten potential sites identified. Finally, an 'Investing in Accommodation' prospectus has also been prepared outlining the opportunities for investment. Council will now work to attract prospective investors to achieve investment in quality accommodation.

### **Community Grants Program**

A major achievement in 2018/19 was the transition of the Colac Otway Shire Community Grants Program to an online application process, using 'Smarty Grants' software. The Grants Program has in the past, been an onerous manual process for both applicants and Grant Officers, switching to an online system provides efficiencies in submitting applications, tracking progress and assessing grant applications.

### **Colac 2050 Growth Plan**

The draft Colac 2050 Growth Plan and a planning scheme amendment to implement its policy outcomes in the Planning Scheme were placed on public exhibition late in 2018 and submissions were considered by Council and an Independent Planning Panel. The Plan establishes a new urban growth boundary for Colac and nominates future residential, industrial and rural living areas for development. It is highly integrated with Council's Stormwater Development Strategy by planning for new growth that will assist in resolving current flooding problems in the Deans Creek and Barongarook Creek corridors. This project has taken over four years to reach this stage with significant community engagement, which was reflected in the high level of public support for the exhibited plan. The Independent Planning Panel appointed to hear submissions has strongly endorsed the Plan, with only minor changes recommended. The Plan will be finalised by the Planning Minister late in 2019 following adoption by Council of the amendment.

### **On-site Wastewater System Audit Program**

The Health Protection Unit commenced a three-year audit program of on-site wastewater treatment systems, resulting in approximately 257 inspections being conducted. The initial focus was in the priority townships of Kennett River, Beech Forest and Lavers Hill. This program delivers on Council's obligations under its adopted Domestic Wastewater Management Plan (DWMP) and enables the water authorities to take a more flexible approach to allowing development in the Shire's declared water catchments. The audits establish the effectiveness of current treatment systems and will lead to improvements over time in the quality of wastewater treatment.

## Challenges





### **Sourcing Funding**

The Economic Development Strategy has 57 Actions and some of those will require some level of funding. Attracting State Government funding can be challenging, however Council will continue to advocate for external funding to assist Council in delivery of these actions.

### **Planning Permit Processing**

The Statutory Planning team has found it challenging to recruit suitably experienced planners to fill staff vacancies over the past few years, which as well as a higher workload from major projects and increased permit activity/complexity, has led to a high reliance on contract planning staff and high workloads. The team will be seeking to fill vacant positions and explore options for increased resources to enable high levels of performance in processing of permit applications. The focus will also be on achieving efficiencies in processes through IT system improvements and reducing unnecessary permit triggers in the Planning Scheme.

### **Forrest Wastewater Investigation**

Council and Barwon Water have worked closely over the past twelve months to investigate options for future treatment of wastewater in Forrest due to concerns over the constraints to future development of the town, and concern over health and amenity resulting from current inadequate on-site treatment. Whilst a preferred treatment option has been identified, it requires significant capital investment and will require funding from Government. Council will partner with Barwon Water to finalise the business case and advocate for the required investment.

## **The Year Ahead**

### **Forrest Mountain Bike Strategy**

The completion of the Forrest Mountain Bike Detailed Design Study is a priority for 2019/20. The study will position Council well to seek funding for the implementation of the Mountain Bike Strategy.

### **Planning Policy Framework Review**

Council will be reviewing its local planning policy following translation by the State Government of the existing Municipal Strategic Statement into the new Planning Policy Framework (PPF), which was recommended by the 2018 Planning Scheme Review. This planning scheme amendment will ensure the policy remains up to date and reflects the current community expectations. The broader translation into the new format will reduce the planning scheme's complexity for users.

### **Apollo Bay, Skenes Creek & Marengo Community Infrastructure Plan**

Council will be looking to complete the Apollo Bay Skenes Creek and Marengo Community Infrastructure Plan early in 2020. The Plan is being undertaken in partnership with the Otway Coast Committee and will integrate planning for the future of the foreshore with the balance of the township. The project also incorporates planning for development at the harbour precinct and will establish preferred streetscape improvements for the central public areas. The project will make recommendations for social and community infrastructure and integrate the findings of the Colac Otway Tourism Traffic and Parking Study undertaken for Council over the past year. The project has a considerable scope, involving a wide number of agencies and stakeholders. Delivery of outcomes that are well supported by the community will be critical to the plan's success.





### Cutting Red Tape Initiatives

The Strategic Planning team will be completing a number of planning scheme amendments aimed at removing unnecessary planning permit triggers and reducing red tape for land owners. This will include removal of redundant Environmental Significance Overlays at Barongarook and Deans Creek in Colac and over a groundwater area in the north-west of the Shire, and reduced permit requirements in precinct based Heritage Overlays. All other overlays will be refined to introduce greater permit exemptions where practical.

## Planning & Building Statistics 2018/19

### Planning Applications

#### VicSmart applications (decisions made within 10 days)

	Number of Applications	Decisions made within 10 days	Median days to process applications
2016/17	12	9	7
2017/18	52	44	7
<b>2018/19</b>	<b>54</b>	<b>50</b>	<b>6</b>

#### Regular applications (decisions made within 60 days)

	Number of Applications	Decisions made within 60 days	Median days to process applications	Appeals to VCAT*	Council decisions upheld
2016/17	365	282	43	2	2
2017/18	319	178	70	1	1
<b>2018/19</b>	<b>342</b>	<b>166</b>	<b>86</b>	<b>6**</b>	<b>0**</b>

\*Victorian Civil and Administrative Tribunal

\*\* No decisions made by VCAT on these appeals in the reporting period

### Building Applications

	Number of Applications	Report & Consent Applications	Notice & Orders
2014/15	55	65	41
2015/16	63	61	39
2016/17	64	78	45
2017/18	75	74	14
<b>2018/19</b>	<b>33</b>	<b>65</b>	<b>49</b>





# Theme 1 Progress Against Council Plan

<b>1.1 Plan Infrastructure, assets and land use with a long-term vision for economic growth.</b>	
<b>Provide direction on how growth across the Shire should proceed and ensure adequate land is provided for industrial and residential use.</b>	
<p>The draft Colac 2050 Growth Plan was placed on public exhibition along with Amendment C97 for 6 weeks over November and December 2018. Submissions were considered by Council on 20 March 2019 and by an independent panel which heard from submitters in May 2019. The Panel report is expected to be received by early July 2019, which will be followed by a report to Council for adoption of the amendment. Amendment C86 was approved and gazetted by the Planning Minister in October 2017, implementing the key outcomes of the Colac Economic Development, Commercial Land Industrial Land Use Strategy. The amendment rezoned 68ha of land for new industrial development in Colac.</p>	<p>Complete</p>
<b>Develop and implement a Colac Otway Economic Development Strategy.</b>	
<p>The Colac Otway Economic Development Strategy was endorsed by Council in March 2019. An Implementation/Action Plan has been developed to assist in the delivery of the 57 actions identified in the Strategy.</p>	<p>Complete</p>
<b>Conduct a review of the housing stock in Colac and establish a Residential Housing Strategy to ensure current and future stock is suitable to attract new residents.</b>	
<p>Preparation of the draft Colac 2050 Growth Plan involved a basic analysis of housing needs in Colac. This informed the development of the Plan, however a more comprehensive Housing Needs Assessment is required to be completed that includes consideration of affordable housing needs, an aging population, etc. This project requires dedicated Council funding and will be considered in the 2020/21 budget process. Consideration will also be given to expand this proposed project to include Apollo Bay with consideration to an ageing population and providing housing for workers within the seasonal tourism sector.</p>	<p>50%</p>
<b>Identify and improve tourism assets across the Shire.</b>	
<p>Several projects are currently underway which include:</p> <ul style="list-style-type: none"> <li>• The Tourism Traffic and Parking Study was adopted by Council which provides direction on improving traffic and parking along the Great Ocean Road.</li> <li>• City Deal Funding of \$19 million has been secured for improved facilities at the Apollo Bay Harbour, Skenes Creek to Wild Dog Creek Coastal Discovery Trail and toilet and parking infrastructure in Kennett River.</li> <li>• Improvements to the open space environs along the Lake Colac foreshore were completed. The \$750,000 project was funded by Council and the Federal Government.</li> </ul>	<p>Ongoing</p>
<b>Prepare an Infrastructure Master Plan for Apollo Bay and Coastal Townships, covering categories including roads, car parking, bus parking, footpaths and storm water drainage.</b>	
<p>Consultants were engaged in March 2019 to produce a Community Infrastructure Plan for Apollo Bay, Skenes Creek and Marengo that will include a Foreshore Plan for the Otway Coast Committee and Development Plan for the Apollo Bay Harbour. It is expected that the project will be completed by early 2020.</p>	<p>75%</p>





<b>Attract investment to implement key master plans that will drive economic growth such as the Lake Colac Foreshore Master Plan.</b>	
<p>Council received a grant of \$100,000 from the Federal Government, matched by Council, to undertake the Forrest Mountain Bike Strategy Detailed Design project. The project is underway and will be completed by late 2019.</p> <p>Improvements to the open space environs along the Lake Colac foreshore complete. The \$750,000 project was funded by Council and the Federal Government.</p>	<b>Ongoing</b>
<b>Remove unnecessary planning triggers to streamline planning processes.</b>	
<p>Council adopted its four yearly Planning Scheme Review in March 2018. Consultant Glossop has drafted proposed changes to Council's Planning Scheme which give effect to this Review, and to streamline planning provisions where possible. The process of exhibiting an amendment has been delayed due to State Government reforms implemented in August 2018 which will require a translation of the current Municipal Strategic Statement in the Planning Scheme into the new State Planning Policy Framework (PPF) before Council can exhibit changes to its policy framework and change overlay provisions. The translation is expected to occur in the third quarter of 2019, followed by exhibition of a Council Amendment late 2019. Officers will continue to refine the proposed local overlay changes whilst the State Government led translation occurs. Officers have initiated amendments to the Planning Scheme that remove a series of anomalies to controls on specific properties and remove the redundant Environmental Significance Overlay from waterways in urban parts of Colac and the Warrion Groundwater Area – these will be completed in the latter part of 2019. Work is occurring within three precincts of the Heritage overlay in Colac to remove unnecessary permit triggers in the Overlay, which will be presented to Council to support a planning scheme amendment late 2019. Work has also commenced to review the mapping of the Erosion Management Overlay (landslide risk) to rationalise its coverage, however this has been delayed by a State Government review of the overlay control.</p>	<b>80%</b>
<b>Strengthen partnerships with employers in the Shire.</b>	
<p>The CE has continued to meet with significant businesses in the Shire. The Mayor and CE propose a series of meetings with business and other groups to discuss Colac specific issues in 2019. Meetings have been held with real estate agents and local trucking companies. Council meets monthly with Action for Apollo Bay which comprises representatives of the Apollo Bay Chamber of Commerce, the Skenes Creek community and the Otway Coast Committee. The Mayor and CE meet with the Colac Chamber of Commerce monthly.</p>	<b>Ongoing</b>
<b>1.2 Support a thriving economy and industries.</b>	
<b>Identify and promote Tourism pathways between attractions across the whole Shire.</b>	
Not commenced, project postponed until 19/20.	
<b>Identify and support employment in tourism.</b>	
<p>Activity in several areas is ongoing, such as advocating for local product and showcasing the broad natural beauty and attractions of the Shire.</p> <p>Mentoring local business operators to develop greater skills to enable them to capitalise on the existing growing market.</p> <p>Council has worked with a number of proponents for new developments focussed on the tourism market.</p>	<b>Ongoing</b>





<b>Explore options to facilitate new tourism accommodation.</b>	
Council officers have facilitated a process for consideration of a proposed five-star hotel on land to the rear of Apollo Bay, which was called in by the Planning Minister in January 2019, and was considered by an independent Panel appointed by the Minister. Whilst the Minister has since refused the application, it is expected this work will contribute to future development of the site. Council has completed the Colac Accommodation Study which included a demand study document, site identification report and Investment Prospectus. Council has been working with interested investors to assist in the facilitation of the development of four+ star accommodation in Colac.	10%
<b>Review Planning controls for the coastal hinterland and support establishment of tourist accommodation.</b>	
This project has not commenced; funding will be required in a future budget.	
<b>Review the Shire Events Strategy and partner with event organisers to assist them preserve the amenity of residents while running successful events.</b>	
The Shire Events Strategy has been incorporated into the Economic Development Strategy which was endorsed by Council in March 2019.	Complete
<b>Facilitate the attraction of investment in the development of high standard accommodation in Colac and Apollo Bay, complemented by high yielding nature based experiences.</b>	
Council officers facilitated a process for consideration of a proposed five-star hotel on land to the rear of Apollo Bay, which was called in by the Planning Minister in January 2019, and was considered by an independent Panel appointed by the Minister. Whilst the Minister has since refused the application, it is expected this work will contribute to future development of the site. Council has completed the Colac Accommodation Study which includes a demand study document, site identification report and Investment Prospectus. Council has been working with interested investors to assist in the facilitation of the development of four+ star accommodation in Colac.	Complete
<b>Encourage and support existing owners of accommodation to upgrade, refurbish and develop new infrastructure to meet visitor demand.</b>	
Due to commence in 2019/20.	
<b>Review the Great Ocean Road Closure Policy.</b>	
The review of the guidelines has commenced which is being led by Regional Roads Victoria in partnership with Colac Otway and Surf Coast Shires and the Victorian Police. The review was delayed due to the 2018 State election, however is expected to recommence in late 2019.	70%
<b>1.3 Strengthen partnerships with key stakeholders to benefit the whole community.</b>	
<b>Seek regional funds from State and Federal Governments.</b>	
This is an ongoing task with every opportunity being assessed.	50%
<b>Develop and maintain regional partnerships and joint advocacy.</b>	
Council is represented on the following organisations: G21, Great Ocean Road Taskforce, Great Ocean Road Regional Tourism and Barwon Regional Partnerships. In addition, the CE attends: G21 CE's—Great South Coast CE's, Regional Forums where Council CEs are invited and	Ongoing





<b>Great Ocean Road Tourism.</b>	
<b>Seek to influence education providers to match local job opportunities with available skills training.</b>	
<b>Council is an active partner of the GROW compact, which assists in getting local community members into employment. Council has partnered with Great Ocean Road Regional Tourism to develop a Workforce Development Strategy to help cater for the demand in this sector.</b>	<b>Complete</b>
<b>Support programs to reduce youth unemployment and promote employment for disadvantaged groups in partnership with employers, G21 and the GROW initiative.</b>	
<b>Council has implemented “Localised”, a business to business platform which will enable job seekers to locate jobs with local employers on the platform. A joint collaboration between GROW, local employers, Diversitat and Council has developed a Workforce Development Network which has identified six actions to be implemented in the 2019/20 financial year. These projects look at several distinct employment sectors and will work on barriers to employment, along with retention in the workforce.</b>	<b>Ongoing</b>
<b>1.4 Improve strategic planning and coordination of the Great Ocean Road.</b>	
<b>Advocate for the establishment of a Great Ocean Road Authority.</b>	
<b>The establishment of a Victorian Great Ocean Road Authority has been adopted as policy by Victorian state government. Council has begun advocating that the authority be located in Apollo Bay as it is centrally located in the area of the proposed authority.</b>	<b>Complete</b>





## Local Government Reporting Framework

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

Service/Indicator/measure	2016	2017	2018	2019	Material Variations and Comments
<b>Statutory Planning</b> <b>Timeliness</b> <b><i>Time taken to decide planning applications</i></b> <b>[The median number of days between receipt of a planning application and a decision on the application]</b>	70.00	66.50	70.00	86.00	Permit processing times have increased above previous years as a result of increased permit applications, increased complexity of development proposals and challenges recruiting to fill vacancies.
<b>Service standard</b> <b><i>Planning applications decided within required time frames</i></b> <b>[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100</b>	78.10%	73.09%	74.25%	73.22%	Minor change from 2017/18 is the result of emphasis placed on achieving faster turnaround times for VicSmart eligible applications.
<b>Service cost</b> <b><i>Cost of statutory planning service</i></b> <b>[Direct cost of statutory planning service / Number of planning applications received]</b>	\$2,794.49	\$2,706.06	\$3,634.56	\$3,367.43	This indicator has reduced slightly primarily due to an additional 52 planning applications being received in 2018/19
<b>Decision making</b> <b><i>Council planning decisions upheld at VCAT</i></b> <b>[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</b>	100.00%	100.00%	100.00%	0.00%	There have been no decisions made on applications currently with VCAT for the 2018/19 period.





# Theme 2: Our Places

***Our places are well-planned. We work with local and government partners to plan healthy, safe environments which promote community life and enhance well-being. Our infrastructure assets are managed so that they are sustainable for the long term.***

## **The importance of Our Places as a Theme**

Infrastructure assets such as roads, drainage and footpaths are important because they help deliver services to the community. Roads and footpaths provide the ability for people to access work, education and recreation. Drainage provides protection to properties and allows for safe transport.

It is important for us to manage assets in a rational way so that we can ensure they are sustainable over the long term so that those services are provided to future generations.

It is important that Council operations are undertaken in consideration of the natural environment and where possible take action to help improve to protect, enhance and restore the environmental values of the region.

## **Six strategies contribute to achieving our goal**

1. Assets and infrastructure meet community needs.
2. Our places are managed for long term sustainability.
3. Towns and places are welcoming and attractive.
4. Leadership in natural environment through good management practices.
5. Delivery of our capital works program.
6. Emergency management is coordinated locally and on a regional basis.

Key highlights for projects and activities linked to Our Places begin on page 46.



## Services contributing to Our Places

The following services/activities were funded in the 2018/19 budget and contributed to achieving the goals and strategies for this Theme:

Service area	Description of service	Net Cost Actual <u>Budget</u> Variance \$000
<b>Emergency Management</b>	Provision of necessary support for the community in the case of an emergency event occurring.	95 <u>150</u> <b>(54)</b>
<b>Environment</b>	Management of our natural environment for the betterment and enjoyment of all members of our community.	394 <u>806</u> <b>(411)</b>
<b>Fire Prevention</b>	Promotion of community safety by aiming to eliminate potential fire risks within our community.	0 <u>(2)</u> <b>2</b>
<b>Infrastructure Services</b>	Provides for the physical assets required by the community to maintain a happy, healthy and sustainable lifestyle.	6,062 <u>6,091</u> <b>(29)</b>
<b>Parks, Gardens and Reserves</b>	Maintenance of open space for the enjoyment of all community members.	1,221 <u>1,491</u> <b>(270)</b>
<b>Street Lighting*</b>	Active promotion of community safety by providing a clear and safe environment in our towns after dark.	0 <u>0</u> <b>0</b>
<b>Waste Management</b>	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.	927 <u>428</u> <b>469</b>

*\*Please note that due to the General Ledger rebuild there has been a reallocation of the Budget within Service Areas, which has been reflected in the budgeted figures.*





## Highlights

### Barongarook Creek Exotic Tree Removal Project

The Environment Unit successfully completed the final stage of a multi-year tree removal project that Council has been undertaking along Barongarook Creek to improve the health and amenity of the area and to enable its restoration with appropriate native species. The project, which was conducted in Autumn 2019, saw the removal of approximately 25 large exotic trees, mostly classed as Weeds of National Significance in Australia and causing significant erosion and waterway health issues in an area of great significance to the Colac community.

### World Environment Day

The centrepiece of the Environment Unit's environmental education activities for 2018/19 was a large-scale event for World Environment Day that enabled approximately 550 children across the shire to get involved in the day. This year the team put on a series of performances of a blacklight puppet show called Dreamer in the Deep – a creative exploration of the aquatic world – in Colac, Lavers Hill and Apollo Bay.

For the feature event on World Environment Day itself, the Environment Unit teamed up with COPACC to create an extravaganza that enabled more than 550 primary school children to watch the show and to then enjoy a range of themed activities.



### Energy Audits

With a successful application for Sustainability Victoria's (SV) Local Government Energy Saver Program the Environment Unit received \$25,000 to complete comprehensive energy audits at nine key Council facilities/sites, including the Bluewater Leisure Centre; COPACC; Rae, Gellibrand and Nelson Street council offices; the Colac and Apollo Bay Visitor Information Centres; and the Apollo Bay and Pound Road Services and Operations Depots. A further \$100,000 has since been awarded from SV, which combined with \$100,000 of matched funds from Council, will enable the implementation of significant energy efficient upgrade recommendations – and cut greenhouse emissions considerably – from some of our biggest energy consumers.

## Challenges

### Environment and Sustainability

Council adopted a target to be carbon neutral by 2020 and significant work still needs to be done to honour that commitment. Despite significant improvement in many areas, a range of additional measures may need to be considered, including purchasing green power and/or carbon offsets.





## Emergency Management and Fire Prevention

The Fire Prevention Program undertaken by Council involves the inspection of properties across the region during the declared Fire Danger Period. Unfortunately, 250 (down 20 on 2017/18) properties were issued with a Fire Prevention Notice (FPN) by Council officers because their property failed to meet the prescribed standards, of which 10 (down 15 on 2017/18) properties had to be issued with an infringement for failing to comply with the notice.

Colac Otway Shire hosted the cross council Emergency Relief Centre (ERC) Training Exercise in November, in collaboration with Corangamite and Surf Coast Shires. There were 104 participants across nine organisations that were involved in testing Emergency Relief Centre operations across multiple scenarios. The day was a great success in building the capability of Colac Otway Shire staff to perform emergency management roles in an ERC.

## The Year Ahead

### \$200,000 Grant for Combating Pests & Weed Impacts During Drought Program

Towards the conclusion of the financial year the Environment Unit successfully secured a significant federal government grant for a weeds and rabbit control program to be run throughout the 2019/20 financial year. This program will have substantial positive benefits for rural and farming communities across the Shire by enabling a landscape scale approach to weed and pest control across both private and Council-managed land.

## Emergency Management and Fire Prevention

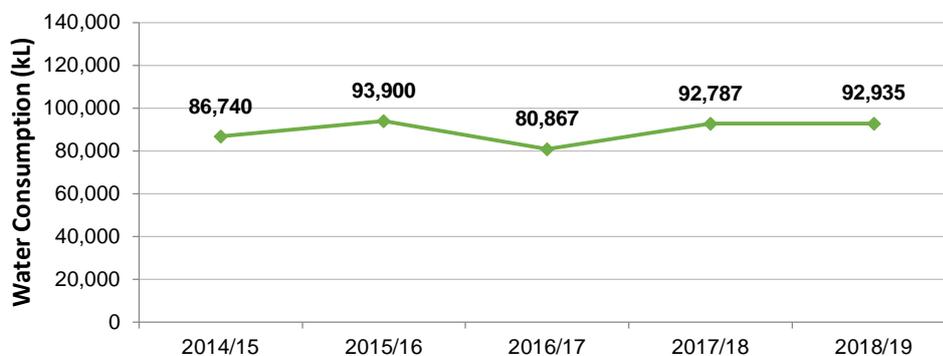
There are future opportunities through cross Council collaborations (with Surf Coast Shire and Corangamite Shire) to engage with communities in fire and other emergencies. This will hopefully go some way to better understanding the community profile in an emergency management context.

## Sustainability Report

### Lighting upgrades

As part of ongoing efforts to reduce Council's greenhouse emissions, and in line with Council's target of carbon neutrality by 2020, the Environment Unit completed a major retrofit of office lighting at key council sites, including Rae & Gellibrand Street offices and COPACC. A total of 463 linear fluorescent lights were retrofitted with LED equivalents, saving Council around \$12,000 per annum in energy costs and approximately 13 tonnes CO<sub>2</sub>-e emissions (awaiting final figures from contractor).

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



Water use was virtually unchanged from 2017/18, increasing just 0.002%.





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

Greenhouse gas emissions across all Council activities have again trended downward for 2018-19, as various energy efficiency and generation measures take hold. The overall drop in emissions of 5% is largely attributable to the solar installation at Bluewater and more efficient fleet operations.

Looking ahead, we have recently adopted a more advanced monitoring system that will help us track emissions across all sites with greater accuracy. We are also actively looking into options for offsetting remaining emissions in order to honour our Carbon Neutral target by 2020.

Emissions figures are contained in the table below.

	Buildings	Streetlights	Fleet	Total
2010/11	2,057	1,179	1,963	5,199
2011/12	1,948	1,200	1,604	4,752
2012/13	1,946	1,180	1,578	4,704
2013/14	1,683	1,011	1,414	4,108
2014/15	1,403	869	1,520	3,792
2015/16	1,924	434	1,253	3,610
2016/17	1,716	369	1,543	3,627
2017/18	1,859	367	1,329	3,555
2018/19	1,751	377	1,263	3,391

Source: 2018 Planet Footprint Report

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

#### Buildings

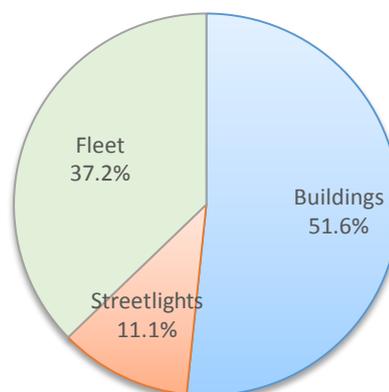
The 99kW solar PV system at Bluewater was commissioned in June 2018 and generated a total of 133 MWh in the 2018-19 financial year, accounting for around 20% of total electricity consumption at the facility. This had a considerable impact on overall buildings emissions, where a 6% drop overall has been observed.

#### Fleet

Despite an overall increase in works, emissions resulting from fleet operations fell by 5% compared to the previous year, largely due to more efficient vehicles and better work practices.

#### Streetlights

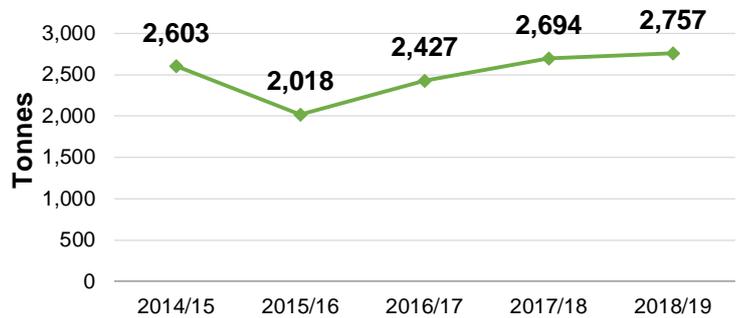
An increase of 3% was observed on emissions attributed to streetlights, largely due to the addition of 15 new streetlights on the network.





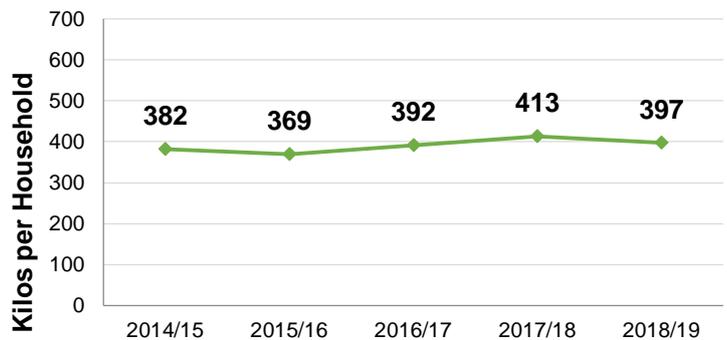
### Organic waste diverted from landfill (tonnes)

The increase in organic material diverted from landfill in 2018/19 was due to three additional kerbside collections in October and November 2018. Council offered all residents the additional collections to assist them in preparing their properties before the bushfire season commenced. Also an increase of 205 new kerbside collection services in 2018/19.



### Household waste to landfill (kilos)

The decrease is due to better source separation of recycle and organic material out of the landfill bin from the kerbside collection bins.

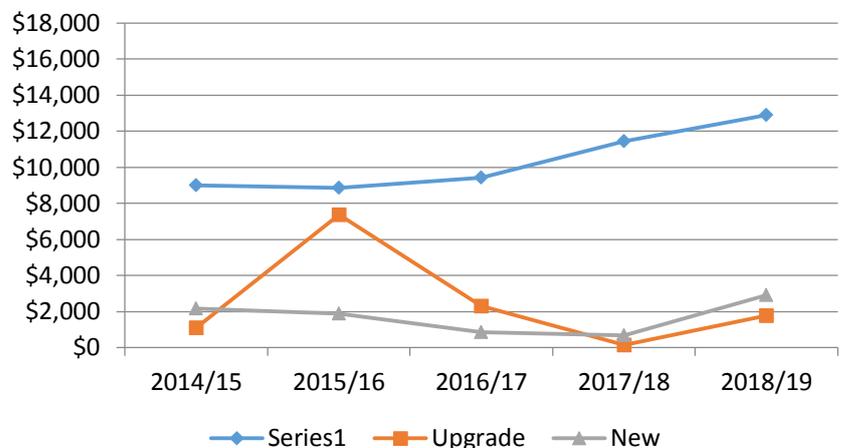


### Capital Works

In '000s

	Renewal	Upgrade	New	Total
2014/15	\$8,995	\$7,366	\$1,889	\$18,250
2015/16	\$8,862	\$2,316	\$853	\$12,031
2016/17	\$9,412	\$166	\$670	\$10,248
2017/18	\$11,436	\$1,778	\$2,909	\$16,123
<b>2018/19</b>	<b>\$12,900</b>	<b>\$3,084</b>	<b>\$2,986</b>	<b>\$18,970</b>

Council continues its strong commitment to the renewal of our assets. The significant spike in 2014/15 for expenditure on asset upgrades reflects the major redevelopment and upgrade of the Bluewater leisure centre, a more than \$11 million upgrade.





## Theme 2 Progress against Council Plan

<b>2.1 Assets and infrastructure meet community needs.</b>	
<b>Develop and implement a Property Strategy.</b>	
Development and implementation of a property strategy has been postponed until service planning has been finalised, which will be done as part of the overarching asset management strategy, currently underway.	
<b>Develop and maintain constructive partnerships to access appropriate levels of funding, coordination, infrastructure and services.</b>	
Strong relationships established with G21, Regional Development Victoria, Regional Roads Victoria, Barwon Water, Southern Rural Water, Great Ocean Road Regional Tourism, Great Ocean Road Taskforce, Parks Victoria, State and Federal Government Members of Parliament.	<b>Ongoing</b>
<b>Conduct an ongoing program of service reviews to guide planning for infrastructure.</b>	
Council has adopted a program of detailed service reviews for the next three years. The program will be reviewed on an annual basis and will be implemented subject to budget being available. Included in the second year is a full review of Service and Operations. Council is also undertaking detailed planning in relation to Asset Management and it's expected that Asset Management Plans and a Long Term Financial Plan will be adopted in 2019.	<b>75%</b>
<b>Council to work with key stakeholders such as the Otway Coast Committee, the Apollo Bay Chamber of Commerce and Council with the aim of aligning strategic planning and advocacy efforts for Apollo Bay and district.</b>	
The Mayor and Chief Executive meet monthly with the Chamber of Commerce and Otway Coast Committee (OCC) to ensure open dialogue. Key collaborations in 2018/19 include support for Apollo Bay Boat Harbour renewal and development, response to coastal erosion and preparation for development of Community Infrastructure Plans.	<b>Ongoing</b>
<b>2.2 Our places are managed for long term sustainability.</b>	
<b>Update the Planning Scheme to reflect changing community needs and priorities.</b>	
Council adopted its Four Yearly Planning Scheme Review in March 2018. Consultant Glossop has drafted proposed changes to Council's Planning Scheme which gives effect to this Review. The process of exhibiting an amendment has been delayed due to State Government reforms implemented in August 2018 which will require a translation of the current Municipal Strategic Statement in the Planning Scheme into the new State Planning Policy Framework (PPF) before Council can exhibit changes to its policy framework. The translation is expected to occur late in 2019, followed by exhibition of a Council amendment. The draft Colac 2050 Growth Plan was placed on exhibition with Amendment C97 to implement its findings in November 2018, with submissions referred to an independent panel in March 2019. When approved, this amendment will facilitate planning for expansion of residential zoned land to accommodate growth of Colac.	<b>75%</b>
<b>Ensure best practice guides planning and management of the natural environment and associated assets.</b>	
Environmental advice is provided on planning permit applications, Timber Harvesting Plans and a wide range of projects and services being delivered by Council to ensure the impact on the natural environment is minimised. Advice has been provided to Council's Services and Operations Department on the responsible use of Glyphosate to ensure it is being used safely and wisely.	<b>Complete</b>





<b>2.3 Towns and places are welcoming and attractive.</b>	
<b>Enhance the attractiveness of towns in the Shire for both residents and tourists/visitors.</b>	
Continued advocacy for improvements to the eastern entrance to Colac is being completed as part of VicRoad's duplication. Development of concept plans for Johnstone's Lane Improvement is underway. Conceptual designs for entrance signage at the western end of Colac have been prepared with input from community members. The next step will be taking these concepts to the community seeking feedback and support.	<b>80%</b>
<b>Advocate for improvements to public open space where the State Government is the land owner/manager.</b>	
Improvements to the Lake Colac Foreshore continue, with Stage one of the Master Plan Implementation completed. The Apollo Bay Community Infrastructure Plan commenced in 2018/19 in partnership with the Otway Coast Committee, which includes the development of a detailed plan for the central foreshore precinct. The Elliminyt Recreation Reserve Master Plan was endorsed by Council in December 2018, with funding secured to resurface the velodrome during the 2019/20 financial year. Funding has been secured to improve the Memorial Square play space in 2019/20. Continued work with the community to evolve the open space offering including the Forrest Common Draft Master Plan and review of the Cororooke Open Space Master Plan following the construction of the Cororooke Tennis Courts, tennis club storage shed and Cororooke public toilets.	<b>Ongoing</b>
<b>Develop and implement a prioritised program to review and implement master plans, community infrastructure plans and structure plans for small towns across the Shire.</b>	
Officers have commenced preparation of a prioritised list of Master Plans for Council consideration. This work will be progressed in 2019/20. Council has commenced the development of a Community Infrastructure Master Plan for Apollo Bay, Skenes Creek and Marengo. The Colac 2050 Growth Plan & Planning Scheme Amendment were exhibited late in 2018, with submissions considered by Council in March 2019 and referred to a Panel which heard from submitters in May.	<b>75%</b>
<b>Incorporate treatments into infrastructure standards that enhance community perceptions of safety.</b>	
Review of third party works approval process underway. Improvements to standards based on learnings following Wye River/Seperation Creek fires. Public lighting improvements have been implemented with lighting installed along the Lake Colac Foreshore pathway. Light-up Memorial Square project has improved lighting at Memorial Square with energy efficient lighting that is directed down onto the path, and additional CCTV has been installed in new areas where anti-social behaviour was occurring.	<b>Ongoing</b>
<b>Maintain parks and gardens, sports reserves and streetscapes.</b>	
Maintenance to parks, gardens, reserves and streetscapes is an ongoing task. Work load and work type varies from season to season and with various demands on the facilities. Recently the open space team has developed service levels that are a guide for the Service and Operations team.	<b>Ongoing</b>





<b>Support enjoyment of outdoor experiences through the provision of a network of quality open spaces, including paths and trails.</b>	
<p>Queens Avenue – pathway complete with bollards provides link to Lake Colac Foreshore.</p> <p>Queen Street (south side of Highway) pathway now continues to Harris Road which provides links for residents to the Colac CBD, local schools and shopping precinct.</p> <p>Barongarook Creek – path widened along the creek walk. Other works completed include the removal of unstable arbours that impaired sightlines and now provide an enhanced community perception of safety.</p> <p>Improved footpath connections with a number of new footpaths installed around residential areas. For example: James Street, Colac, Slater and Hart Streets, Elliminyt and Murray and Pascoe Streets in Apollo Bay.</p>	<b>Ongoing</b>
<b>Evaluate the feasibility of a regional wet waste facility to manage waste from road and drainage maintenance.</b>	
A regional wet waste facility continues to be investigated, further research is required before a decision can be made on the viability such a facility.	<b>50%</b>
<b>Continue to support the Apollo Bay community’s advocacy for the development of a public indoor heated swimming pool in Apollo Bay.</b>	
Funding has been secured from the Federal Government to enclose the existing pool. Council has committed to the annual operating costs to run the facility. Council will support the community to work through the planning and construction process.	<b>Complete</b>
<b>2.4 Leadership in natural environment through good management practices.</b>	
<b>Ensure best practice guides planning and management of the natural environment and associated assets, and Council’s response to climate change.</b>	
<p>Council is collaborating with other municipalities in the south west of Victoria on the formation of an Alliance to help increase resilience to climate change. A grant application has been submitted by Council on behalf of the other ten Councils to develop the business case for forming the new Alliance.</p> <p>Council is working with DELWP on securing funds to undertake work to make high risk towns more resilient to emergencies associated with climate change impacts.</p>	<b>Complete</b>
<b>Minimise coastal erosion in partnership with other stakeholders and implement measures to assist climate adaptation.</b>	
Council continues to work closely with DELWP and the Otway Coast Committee on the management of coastal erosion, particularly in the Apollo Bay area where a significant erosion event took place in 2018. Council is also considering the implications of this erosion for future plans for Apollo Bay and is seeking funding to do more detailed management plans for high risk areas along the entire coastal area.	<b>Ongoing</b>
<b>Improve the health and sustainability of the natural environment through structured planning with our partners.</b>	
Council continues to work closely with DELWP, Barwon Water, Parks Victoria, the Corangamite Catchment Management Authority and other relevant agencies to improve the health of the natural environment. Council has worked with partner agencies on the Weeds Consultative Committee to develop a program to help the community manage weeds and pests and has been successful in securing \$200,000 from the Federal Government to enable the project to be implemented in the 2019/20 year.	<b>Ongoing</b>





<b>Deliver localised planning to communities to reduce fire risk.</b>	
Works have been completed to enable the establishment of Neighbourhood Safer Places – Bushfire Places of Last Resort in Beech Forest and Barwon Downs. Now that the works are complete, CFA will do a final assessment that will allow the sites to be formally designated before the 2019/20 Fire Season.	<b>Complete</b>
<b>Implement emission reduction programs for Council operations.</b>	
More efficient lighting has been installed in Council facilities. The retrofits will reduce electricity consumption across all sites by 97,494 kWh/yr and will save Council around \$23,487 per year, reducing greenhouse emissions by a considerable 104.2 tCO <sub>2</sub> e/yr. Overall the investment will be paid back within three years and is partially funded by the State Government with the remainder coming from Council. Council has received funding from Sustainability Victoria to undertake further energy saving upgrades in the 2019/20 financial year.	<b>Complete</b>
<b>Enhance the level of resource recycling and reuse across the Shire.</b>	
Opportunities to recycle or reuse material are continually being explored. Materials recovered from works is saved and used where possible. Examples of this is the top soil from central reserve being used to level holes on the lake foreshore and bluestone rocks from footpaths being used in drainage works.	<b>Ongoing</b>
<b>Enhance and protect biodiversity through weed control and revegetation.</b>	
The first stage of the large willow removal near the mouth of Barongarook Creek is complete. Indigenous plants have been planted to backfill the voids left by the removal. The second stage will be undertaken once the new plants have grown enough to provide a reasonable amount of shelter for the adjacent caravan park.	<b>Ongoing</b>
<b>Implement Council’s Climate Adaptation Strategy.</b>	
Work is being undertaken to seek further funding from the State Government to develop management plans for high risks identified in the Local Coastal Hazard Assessment. Once completed these plans will inform Council and other relevant agencies on how to best manage these areas under different climate change scenarios. Further training for staff is also being organised to help staff effectively manage climate as part of their projects.	<b>Complete</b>
<b>2.5 Delivery of our capital works program.</b>	
<b>Develop a system of capital allocations based on Asset Management Plans.</b>	
Asset Management Plans have been developed for buildings and transportation assets (Buildings Asset Management Plan and Transport Asset Management Plan respectively). These plans have driven development of capital renewal programs including the Building Renewal Program, Bridge Renewal Program and Sealed Road Reconstruction Program.	<b>Complete</b>
<b>Develop a project management framework, covering proposals, planning and delivery.</b>	
The Project Procedure Manual has been developed as guidelines for Project Managers to successfully deliver projects. CAMMS Project has been introduced to the organisation as a tool to assist project planning.	<b>Complete</b>





## Theme 2 Local Government Reporting Framework

Results for Roads and Waste are presented below in the prescribed format.

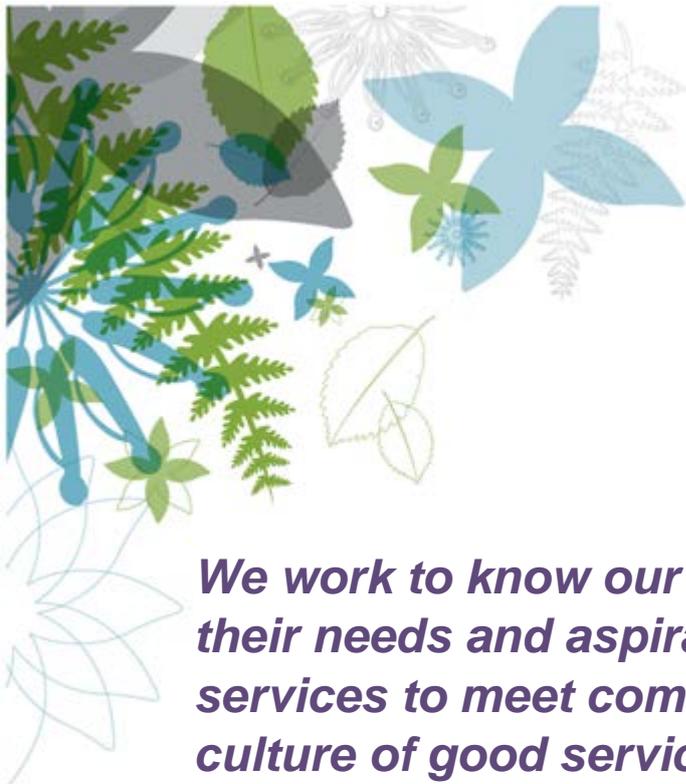
Service/Indicator/measure	2016	2017	2018	2019	Material Variations and Comments
<b>Roads</b> <b>Satisfaction of use</b> <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100	10.78	12.57	15.95	23.24	More processes have been incorporated into the customer request system to streamline the workflows and ensure customers are responded to within a reasonable timeframe.
<b>Condition</b> <i>Sealed local roads maintained to condition standard</i> [Number of kilometres of sealed local roads below the renewal intervention level set by council / Kilometres of sealed local roads] x100	94.88%	95.87%	93.58%	93.73%	A restructure in the Service and Operations team and work practices has increased our ability to respond to reactive problems more timely; in addition a 'Fix it First Time' process is a better solution that lasts longer and provides safer roads.
<b>Service cost</b> <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$39.54	\$30.20	\$52.61	\$41.06	The decrease in cost is due to a reduction in project management costs and increase in productivity for the department
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$7.03	\$6.19	\$5.99	\$5.40	The decrease in cost is due to a reduction in project management costs and increase in productivity for the department
<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	37.00	42.00	39.00	42.00	A restructure in the Service and Operations team and work practices has increased our ability to respond to reactive problems more timely; in addition a 'Fix it First Time' process has been implemented as a better solution that lasts longer and provides safer roads.





Service/Indicator/measure	2016	2017	2018	2019	Material Variations and Comments
<b>Waste Collection</b> <b>Satisfaction</b> <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	168.82	100.05	58.69	69.92	The increase in 2018/19 is due to the inclusion of organic bins with recycling bins as both waste streams are diverted from landfill. Previous years have not included organic bins in this figure.
<b>Service standard</b> <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	7.82	6.35	2.30	2.13	Decrease in missed bins is due to a better working relationship with the waste contractors. Drivers are now doing the same run each week and better waste and recycling education has been communicated for the drivers and the community regarding when bins should be out for collections.
<b>Service cost</b> <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$129.20	\$134.63	\$140.36	\$138.96	This cost is the result of collecting 3,925 tonnes of garbage via the kerbside collection service. This has reduced from 4,137 tonnes in 2017/18.
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$36.98	\$36.15	\$37.74	\$45.44	This increase is the result of the impact China's National Sword Policy has had on the Australian Recycling industry. Council was previously able to generate income from recyclables, whereas now incurs expenditure to dispose of them.
<b>Waste Diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	43.32%	47.09%	47.79%	52.06%	The increase in 2018/19 is due to the inclusion of organic bins with recycling bins as both bins are considered as recycling. Previous years have not included organic bins in this figure.





# Theme 3: Our Community

***We work to know our community and to understand their needs and aspirations. We plan our assets and services to meet community need and to foster a culture of good service and partnership with others.***

## **The importance of Our Community Theme**

Colac Otway Shire sustains a mixed population of tourists, businesses, farmers, retirees and families, some of whom settled in the Shire recently and some who can trace their families' history back to European settlement, whilst our population of aboriginal people dates back tens of thousands of years. The land of the Shire sustains different ways of living, from affordable housing options in the towns, to spectacular properties with views of the forest and the sea. Potential for population growth in the Shire will increase due to highway improvements and proximity to the larger centres of Geelong and Warrnambool. The Shire enjoys good services and infrastructure, supporting families to connect and live well at all life stages. While the Shire is well resourced compared with many other semi-rural shires, with the potential of continued growth there needs to be good planning to have the right infrastructure and services in place.

## **Six strategies contribute to achieving our goal**

1. Increase social connection opportunities and community safety.
2. Connect people through events and activities.
3. Opportunities for the community to participate in lifelong learning.
4. Provision of resources to support physical activity by the community.
5. Foster an inclusive community.
6. Community planning informs provision of Council services and social infrastructure.

Key highlights for projects and activities linked to Our Community begin on page 58.



## Services contributing to Our Community

The following services/activities were funded in the 2018/19 budget and contributed to achieving the goal and strategies for this Theme:

Service Area	Description of Service	Net Cost Actual <u>Budget</u> Variance \$000
<b>Arts &amp; Culture</b>	Management and provision of arts and cultural services to the community. This service is responsible for the running of the Colac Otway Performing Arts and Cultural Centre.	606 <u>599</u> <b>8</b>
<b>Recreation</b>	Provides for active community involvement and the promotion of healthy lifestyles by providing for suitable sporting and recreational facilities.	232 <u>351</u> <b>(119)</b>
<b>Bluewater Leisure Centre</b>	Active promotion of a healthy lifestyle for our community by directly providing swimming and gymnasium facilities.	563 <u>601</u> <b>(38)</b>
<b>Local Laws</b>	Contributes to community safety and health by providing a framework for behaviours which affect our community wellbeing.	439 <u>344</u> <b>96</b>
<b>Public Health</b>	Encourages a healthy and safe lifestyle by actively promoting and policing public health issues.	295 <u>268</u> <b>27</b>
<b>Older Persons &amp; Disability Services</b>	Supports older and disabled members of our community to sustain quality of life.	395 <u>599</u> <b>(204)</b>
<b>Children and Family Services</b>	Supports our children, families and youth to encourage and nurture their growth and development.	165 <u>226</u> <b>(61)</b>
<b>Library Service</b>	Provides resources and oversight to the Corangamite Regional Library Corporation for the provision of information, education, recreation and enrichment of the community.	723 <u>745</u> <b>(22)</b>





## Highlights

### COPACC

The first ever COPACC Cabaret attracted a full house and was a fabulous showcase of local talent.

Somalian refugee Mariam Issa inspired our community at COPACC's first International Women's Day event. COPACC worked with our local Sudanese community on a fundraiser as part of the event, resulting in more than \$2,000 being raised for women's and children's causes in Africa.

Council signed off on a Colac Makers' Space to be part of the COPACC precinct, providing a place for local creatives and artisans to work and share inspiration.

### Bluewater Leisure Centre

On 1 July 2018, Bluewater Leisure Centre introduced 24/7 access to the gym and a virtual group fitness room. Since the implementation of 24/7 operations, Bluewater's memberships increased by 40% to 2,435 in May 2019. The conversion to 24/7 was implemented to remove barriers to fitness for people who cannot access the centre during normal business hours, including over 2,000 shift workers in the community.



### Compliance Local Laws

Additional K9 Unit purchased to address Risk & OHS issues when handling aggressive and/or large animals.

Stock trailer replaced with fully galvanised unit that will better address livestock handling issues.

Officer safety improved with the introduction of body worn video devices and the issue of personal duress units.

### Health Protection

The Health Protection Unit commenced a three-year audit program of on-site wastewater treatment systems, resulting in approximately 257 inspections being conducted. The initial focus was in the priority townships of Kennett River, Beech Forest and Lavers Hill. This program delivers on Council's obligations under its adopted Domestic Wastewater Management Plan (DWMP), and enables the water authorities to take a more flexible approach to allowing development in the Shire's declared water catchments. The audits establish the effectiveness of current treatment systems and will lead to improvements over time in the quality of wastewater treatment.

### Home Care Packages

Council's Older Persons and Ability Support Services (OPASS) continues to provide a suite of services for older people, people of all ages with varying abilities and veterans. All of these services are fully or partly funded by state and commonwealth governments. Home Care Packages are a new service that were introduced over two years ago to provide high levels of tailored care for people to remain in their own home. The number of these packages have increased significantly to over 70 individualised plans. These are case managed by experienced OPASS staff.





### **Maternal and Child Health Survey – April 2019**

An anonymous on-line client Maternal and Child Health Survey received 81 responses from families. The key messages were that 95% of families were satisfied with the service offered and the time taken to get an appointment with their maternal and child health nurse.

Families made suggestions about what else they felt was required. The Maternal and Child Health service has already:

- Established new restricted parking spaces and had signs installed to enable families to access priority parking in front of the busy Colac centre.
- Ensured two Maternal and Child Health nurses, with additional lactation consultant qualifications, are available at the Open Session in Colac on Tuesdays.
- Developed a resource listing of local psychologists to help families choose a suitable professional.
- Considered how to improve child safety and family friendly welcoming measures for the Maternal and Child Health Service at Apollo Bay's Senior Citizens Centre.

### **Wydinia Kindergarten Playground Funding and Completion**

Council was successful in securing an Inclusive Kindergarten Facilities Program Grant of \$160,504, to redevelop the Wydinia Kindergarten and Early Learning Centre's Playground. The grant was used to provide a much more interactive and natural play space for the children from the kindergarten and early learning rooms. This play space was opened by the honourable Gayle Tierney, Minister for Training and Skills, and Minister for Higher Education.

### **Apollo Bay Early Years Hub**

Council conducted a community consultation project to help develop the needs and concept plans for an Early Years Hub in Apollo Bay. There were multiple sessions held for members of the community to discuss what sort of services and activities would be located there, where it should be located and what it might look like. A broad range of people attended these consultations which has given Council firm direction for improved facilities.

### **NAIDOC Week**

NAIDOC week provides a number of opportunities for Indigenous and Non-Indigenous communities to discuss and learn more about culture, understanding and respect. During NAIDOC week in 2018 Koontapool Karween performed a smoking ceremony and spear dance at COPACC, Gulidjan Country, and presented the spear used in the dance as a gift to the Colac Otway Shire Council.

To acknowledge the significance of this gift, and express Council's honour in receiving the spear, it is now displayed in Council's Colac Customer Assist foyer.

## **Challenges**

### **Guidelines for Safe Pool Operations (GSPOs)**

Bluewater Leisure Centre's aquatic area operates in accordance with the Royal Lifesaving Australia Guidelines for Safe Pool Operations (GSPOs). In 2016, Royal Lifesaving began a thorough review of these guidelines to drive a more industry led and risk management approach to safety in the aquatic environment.





The new guidelines will result in significant change for the facility and its patrons including:

- A full review of Bluewater's Aquatic Safety Procedures
- Update to lifeguard uniforms to be consistent with surf lifesavers (red shorts, yellow top)
- Change to parent-to-children supervision ratios
- Lifeguards required to undergo a medical assessment every 12 months
- Facilities mandated to subscribe to the Watch Around Water Campaign (children under 5 within arm's reach and children under 10 actively supervised at all times).

The new guidelines come into effect as of 1 September 2019.

### **Forrest Wastewater Investigation**

Council and Barwon Water have worked closely over the past twelve months to investigate options for future treatment of wastewater in Forrest due to concerns over the constraints to future development of the town, and concern over health and amenity resulting from current inadequate on-site treatment. Whilst a preferred treatment option has been identified, it requires significant capital investment, and will require funding from Government. Council will partner with Barwon Water to finalise the business case, and advocate for the required investment.

### **Maternal and Child Health**

There has been a reduction in Maternal and Child Health Community Strengthening activities due to additional consultations to maintain Key Ages and Stages Assessment participation rates.

### **Apollo Bay Early Years Hub**

Some challenges with establishing the Apollo Bay Early Years Hub will be to finalise the most realistic service model; finalise a design and build options for the Hub; and source potential funding for the development of the facility.

## **The Year Ahead**

### **MyZone**

In 2019/20 Bluewater will be introducing a new wearable technology that assists people to stay motivated and active. Myzone is an innovative wearable heart rate based system that uses wireless technology to accurately monitor physical activity. Myzone delivers a fully connected solution for anyone who wants an accurate, gamified and motivating wearable experience. Myzone monitors heart rate, calories and time exercising that convert into Myzone Effort Points (MEPs), with a focus on rewarding effort rather than fitness.

The aim of introducing the technology is to motivate members to keep active at all times of the year by allowing users to:

- track their efforts and progress
- communicate with and receive feedback from Bluewater trainers
- participate in Bluewater exercise challenges whether they are using the facility or not
- select pre-set workouts
- connect with their friends.

### **Community Satisfaction**

A review of the operational performance of the Bluewater Centre against industry best practice and benchmarks was undertaken in 2017. One of the report recommendations was to develop a method to regularly measure customer satisfaction.





Over the next 12 months, this will be a priority action for the Bluewater Team and will include:

- A review of the feedback and enquiry handling process
- Investigation into an independent review of customer service delivery
- Development of an annual customer service plan
- Implementing a system to regularly measure customer satisfaction.

### **Community Services**

- Colac Otway is in Tranche 2 (2021) of the rollout in Victorian Local Government Authorities to commence increasing kindergarten capacity to provide 15 hours/week of three-year-old kindergarten. Council staff were involved in a recent survey of local kindergartens which was conducted by Ernst Young on behalf of the Department of Education and Training. This survey will provide details of the current capacity of early years' infrastructure, workforce and service delivery considerations associated with three-year-old kindergarten rollout. The results from this survey, together with subsequent conversations with kindergartens and local communities and the planning for appropriate facilities are required to ensure that suitable facilities are available to meet the future needs of all of our communities.
- Ongoing planning and development of services provided by Council's Older Persons and Ability Support Services team is required to ensure that the Shire meets the new Aged Care Quality Standards from July 2019.





## Theme 3 Progress against Council Plan

<b>3.1 Increase social connection opportunities and community safety.</b>	
<b>Support community organisations through the community grants program.</b>	
The 2018/19 Community Grants program was successfully delivered allocating over \$300,000 to the community. The 2019/20 Community Grants program was launched and delivered online through “Smarty Grants” for the first time.	Ongoing
<b>Support community clubs, groups and associations to provide welcoming and inclusive environments for all members of our community within council facilities.</b>	
Consultation, concept plan and costings for the proposed Early Years Hub in Apollo Bay have been developed. Two options for a fully functional Community/Early Years Hub providing for all of the local services (4 YO kindergarten, 3 YO kindergarten, childcare, playgroup, maternal and child health and community activity rooms) will be reviewed by the local Early Years Hub Reference Group which will then determine the next actions to be taken.	Ongoing
<b>3.2 Connect people through events and activities.</b>	
<b>Provide grant programs to involve local people in activities that facilitate their health, wellbeing and enjoyment.</b>	
Council allocated in excess of \$300,000 through its Community Grants program to a range of different groups and clubs across the Shire for a wide variety of events and activities.	Ongoing
<b>Supports community activities through information dissemination and planning information.</b>	
Relevant information is communicated to our community organisations on a regular basis through a range of communication mediums. In recent times, a number of grant opportunities have been forwarded to our community organisation database for consideration and a number were successful.	Ongoing
<b>3.3 Opportunities for the community to participate in lifelong learning.</b>	
<b>Provide opportunities for lifelong learning and community connections through library programs.</b>	
The provision of library services and programs continues to be delivered by the Corangamite Regional Library Corporation. Attendances at library programs have been maintained. Council promotes library programs through a range of mediums including Council’s website and social media. The library service review will be undertaken as per the Council resolution in February 2019 and will trigger public consultation regarding future commitment to the Corangamite Library Corporation.	Ongoing
<b>Support for community groups.</b>	
Officers meet and talk with a variety of community groups on an ongoing basis. Officers assist groups to apply for grants, provide letters of support, conduct workshops, run meetings and provide advice and information to support their endeavours. Council has also commenced the transition of Section 86 Committees to Community Asset Committees, enabling groups to take greater ownership of their community assets.	Ongoing





**4.1 Provision of resources to support physical activity by the community.**

**Deliver programs through the Bluewater Centre that promote physical activity in the Shire.**

<p>Bluewater Leisure Centre provides a range of programs and services for all members of our community. The implementation of 24/7 gym operations and on-demand virtual programming has resulted in increased attendance. Over 970 members joined the 24/7 gym and memberships increased by 11% in the past year. The recent development of the Walking Water Polo program in partnership with U3A is an exciting initiative providing a different experience to our community. Bluewater will be implementing new initiatives in the coming year, such as the Myzone wearable heart-rate technology to encourage further engagement in achieving fitness goals and will continue to improve systems, processes and customer service.</p>	<p><b>Ongoing</b></p>
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**Build capacity of local sports groups in promoting healthy eating and physical activity.**

<p>A number of workshops and forums are held annually with sports clubs. Officers work with clubs and associations on a daily basis assisting with building capacity to increase participation; this is continuing including RSA training. Council is partnering with Colac Area Health in the “Choose Change campaign” to promote healthy eating and physical activity in the community, including sports groups. Council supports the VicHealth “This Girl Can campaign” through communications and promotions. Any funding opportunities to promote healthy eating and physical activity are passed on to sports clubs and officers support clubs in funding applications. Council continues to develop strategies that promote healthy lifestyles.</p>	<p><b>Ongoing</b></p>
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**Encourage more people to participate and be inclusive of others.**

<p>Council actively supports and encourages inclusivity and gender equity with clubs and community groups through dissemination of information, events and promotion of funding opportunities.</p> <p>Recent funding applications submitted in partnership with sporting clubs aimed at facility upgrades to increase inclusive participation outcomes, including the Western Reserve oval lighting upgrade and the Central Reserve court and lighting redevelopment.</p> <p>Local sporting clubs have participated in the Building Gender Equality Pilot Project, “The Barwon Game Changer”. The project is aimed at building the capacity of women and girls involved in community sport and recreation clubs in the Barwon region. Council supports Leisure Networks to continue this program. Three local clubs participated: Colac Imperials Football Netball Club, Colac West Cricket Club and Apollo Bay Golf Club.</p> <p>Council hosted four all abilities sporting events through Leisure Networks.</p>	<p><b>Ongoing</b></p>
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**Participate in the G21 Healthy Eating and Active Living regional priority project.**

<p>Council has participated in the G21 Health and Wellbeing Pillar Roundtable and discussions on emerging priorities for Colac Otway Shire and other members of the pillar.</p>	<p><b>Ongoing</b></p>
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**Consider health of the community when formulating policy for Council’s Property Strategy.**

<p>A reference to community health is included in Council's Property Management Framework. We are developing a process to cohesively work with service managers.</p>	<p><b>20%</b></p>
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### 3.5 Foster an inclusive community.

**Increase advocacy in partnership with our community to enhance cultural awareness, inclusiveness, safety and health, community, family and education.**

Aboriginal Victoria and Eastern Maar Cooperative provided two workshops and two site visits for Councillors and staff to enhance Aboriginal cultural awareness and gain a greater understanding of local indigenous heritage.

Council is working with the Department of Education and Training and the Department of Health and Human Services to better understand the needs and support structures for children in Out of Home Care and Aboriginal families with young children.

Council is an ongoing member of the Colac Community Partnership Executive Group which discusses directions and opportunities from networks including Schools and Communities Together (SACT), Child First and Family Services Alliance, Colac Gathering Place, Choose to Change, G21, GROW, and Regional Partnerships. Cultural awareness, inclusiveness, safety and health, community, family and education are all included within the Executive Group.

Council launched the development of a Reconciliation Action Plan, which will continue throughout 2019/20.

**Ongoing**

### 3.6 Community planning informs provision of Council services and social infrastructure.

**Update social infrastructure planning on a continuing basis to guide asset planning.**

Apollo Bay Social Infrastructure Plan has commenced.

Council has commenced the development of a Public Toilet Strategy to guide the future provision of facilities over the next ten years. A range of strategies and plans that will guide the provision of community infrastructure have been completed in the past year in consultation with regional partners and the community including; AFL, Tennis, Hockey, Soccer, Cricket, and parks and reserve masterplans. Strategic and service planning for public halls has commenced. This study will guide the strategic provision, investment and prioritisation for renewal or upgrade of halls and other buildings associated with a community use.

**Ongoing**





## Theme 3 Local Government Reporting Framework

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

Service/Indicator/measure	2016	2017	2018	2019	Material Variations and Comments
<b>Animal Management</b> <b>Timeliness</b> <i>Time taken to action animal management request</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.00	1.00	1.00	1.00	This achievement is consistent with core business targets.
<b>Service standard</b> <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	84.83%	55.19%	77.63%	74.52%	There is a decline in the number of animals rehomed which correlates with the decline in the number of animals impounded over the year.
<b>Service cost</b> <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$57.40	\$55.79	\$58.57	\$64.28	Improvements to Council's financial structure in 2018/19 has resulted in improved accuracy of the costs per animal.
<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	13.00	10.00	6.00	4.00	The number of cases prosecuted continues to decline due to public awareness, following ongoing educative processes applied by Council's Authorised Officers.
<b>Aquatic Facilities</b> <b>Service standard</b> <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	0.50	1.00	1.00	1.00	This is consistent with core business targets.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	1.00	0.00	0.00	There were no reportable safety incidents at Council's aquatic facilities in 2018/19.
<b>Service cost</b> <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$3.08	\$1.91	\$1.62	\$4.74	The significant increase in 2018/19 is due to utilities and other building costs being excluded from the figure provided in 2017/18.





Service/Indicator/measure	2016	2017	2018	2019	Material Variations and Comments
<p><i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]</p>	\$43.07	\$24.27	\$16.98	\$30.80	<p>The increase in this indicator is primarily the result of some additional maintenance costs of approximately \$20,000 relating to the Apollo Bay pool. This venue had 2,260 visits during the summer season.</p>
<p><b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]</p>	2.73	6.08	5.01	4.60	<p>The significant decrease in utilisation of aquatic facilities can be attributed to a decrease in casual visits at Bluewater. Despite the recorded decrease, the Apollo Bay Pool utilisation has increased, as has visitations by Bluewater Leisure Centre's aquatic and platinum members.</p>
<p><b>Food Safety</b> <b>Timeliness</b> <i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]</p>	1.00	1.30	2.00	2.32	<p>The increase in time to action complaints is related to better reporting data; also complaints received over the weekend results in delays to action complaints.</p>
<p><b>Service standard</b> <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100</p>	71.63%	64.26%	100.00%	95.02%	<p>Colac Otway Shire's registration period is not calendar year, therefore it's not uncommon for some premises to be inspected outside the calendar year but still within registration period. For example if a premise was registered from 1 July 2017 - 1 July 2018, an assessment can occur between 1 July 2017 - 31 December 2017, this inspection would not be captured in the 2018/19 reporting period. This assessment will still meet Council's legislative requirements.</p>





Service/Indicator/measure	2016	2017	2018	2019	Material Variations and Comments
<b>Service cost</b> <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$274.87	\$459.78	\$402.10	\$501.48	The reduced cost of service is a result of more accurate reporting of resources devoted to this service than in previous years, where the costs also included other health services provided by Council.
<b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100	90.91%	81.25%	100.00%	94.74%	One of the 19 major non compliances was not followed up within the required deadline due to staff turnover. This non-compliance has since been followed up.
<b>Maternal and Child Health (MCH)</b> <b>Satisfaction</b> <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	103.78%	95.51%	100.46%	98.19%	There was a small decline in birth notifications for 2018/19 which reduced the number of home visits.
<b>Service standard</b> <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	99.16%	100.41%	99.54%	100.90%	Increase is attributed to some babies with extended hospitalisations not enrolled until after financial year and babies who we did not receive birth notices for but transferred in under one month of age.
<b>Service cost</b> <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$75.12	\$68.86	\$72.85	\$81.94	The increase in cost in 2018/19 is the direct result of additional funding received to improve the quality of Maternal and Child Health services, rather than quantity. The additional funding has allowed Council to provide our health care professionals with some administration support and access to additional professional development.





<b>Service/Indicator/measure</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Material Variations and Comments</b>
<b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	71.90%	69.68%	70.85%	74.44%	Strategies to increase participation such as SMS messaging and additional administration hours have helped contribute to this increase.
<i>Participation in the MCH service by Aboriginal children</i> [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	58.33%	60.38%	66.67%	58.33%	There is a small cohort of Aboriginal children therefore one missed visit can drop participation rate by 10% which occurred in 2018/19.
<b>Libraries</b> <b>Utilisation</b> <i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	5.04	4.86	4.68	4.32	Loans of library items as a measure continues to fall, which is a trend across the industry.
<b>Resource standard</b> <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	76.44%	74.50%	68.18%	69.03%	Collection expenditure was the same as last financial year however the ongoing collection management program saw a slight increase in the percentage of the collection aged 5 years and less.
<b>Service cost</b> <i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$6.67	\$6.39	\$5.96	\$6.38	There was a 5% decrease of in-person visitation to the libraries resulting in increased per visit cost on static library expenditure. Online visitation and usage by library users is not captured in this measure.
<b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	17.87%	16.70%	16.04%	14.99%	This indicator does not capture other library activity and usage such as program attendance for literacy and digital literacy activities, children and youth programs, literary events, public internet PC and wifi usage, using resources and facilities within the libraries to study or read without borrowing.





# Theme 4: Our Leadership & Management

***We will work together with our community to create a sustainable future. We will deliver value for money for ratepayers in everything we do and we will achieve long term sustainability and transparent community leadership***

## **The importance of Our Leadership & Management a Theme**

There are many demands on the resources of Colac Otway Shire. The major source of income, ratepayer funds, has been constrained through the introduction of rate capping by the State government and an increasing challenge for the community to continue to afford rate increases.

The environment of the shire is attractive and well-recognised. Its diversity also results in involvement by many authorities and stakeholders, creating the need for partnerships and clarity about the role of the shire. Recently experienced incidents such as bushfire and floods impact on the community and draw a significant amount of organisational resources, both in emergency response but also in longer term planning and support to the community. It is expected that such events will be more common as climate change accelerates.

## **Five strategies contribute to achieving our goal**

1. Effectively manage financial resources.
2. Openness and accountability in decision making.
3. Organisational development and legislative compliance.
4. Provide value for money services for our community.
5. Communicate regularly with our community and involve them in decision-making.

Key highlights for projects and activities linked to Our Leadership & Management begin on page 71.





## Services contributing to Our Leadership & Management

The following services/activities were funded in the 2018/19 budget and contributed to achieving the goal and strategies for this Theme:

Service Area	Description of Service	Net Cost Actual <u>Budget</u> Variance \$000
<b>Councillors and Chief Executive Office*</b>	This area of governance includes the Mayor, Councillors, Chief Executive, Governance and Communications and associated support which cannot be easily attributed to the direct service provision areas.	1,512 <u>1,597</u> <b>(85)</b>
<b>Finance, Property and Rates</b>	Generation of revenue for Council via rate, levies and charges and provision of sustainable and accountable financial management of Council's resources.	4,417 <u>1,750</u> <b>(2,667)</b>
<b>Customer Service</b>	Provides 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.	442 <u>441</u> <b>1</b>
<b>Corporate Services Management</b>	Maintenance of strong governance and administrative systems and ensuring that these systems are responsive, accountable and transparent to internal users and community needs.	508 <u>387</u> <b>120</b>
<b>Procurement and Contract</b>	Provides oversight and governance on contractual and procurement services undertaken by Council.	391 <u>242</u> <b>149</b>
<b>Information Services</b>	Management and governance of information flows, storage and retrieval within the organisation in accordance with appropriate legislation and standards.	2,157 <u>2,788</u> <b>(631)</b>
<b>People, Performance and Culture</b>	Develops a culture of high performance, productivity and accountability across the organisation.	864 <u>744</u> <b>120</b>
<b>Risk Management Services</b>	Identifies records and manages all business risk associated with Council's activities. This service also manages Council's insurance portfolio.	579 <u>442</u> <b>137</b>

*\*Please note that due to the General Ledger rebuild there has been a reallocation of the Budget within Service Areas, which has been reflected in the budgeted figures.*





## Highlights

### Information Services

The Information Services Department, comprising the workgroups of Information Communication Technology (ICT), Information Management Services (IMS), and Geospatial Information Services (GIS), have been working on numerous improvement and modernisation initiatives during the course of the year.

During this first year of the adopted four-year ICT Strategic Plan, many initiatives were scheduled. Of particular note, a new Intranet was developed replacing the existing >10-year-old system. The new Intranet, which essentially is an internal website, contains processes, procedures, staff-services related material, and most important, has been expanded to provide 'extranet' services; being able to be accessed securely by staff out of the office.

As Council has approximately 150 outdoor, non-desk based staff, this service is essential to communicate and provide an inclusive workforce.

Also, Council launched the new online payments portal, providing the ability to pay for rates, animal registration and general debtors including home care, for example. This solution allows greater flexibility in paying for multiple accounts over that of the existing online BPAY and reduces the need to have to visit a customer assist site in person.

### Finance

During the financial year, a significant project to restructure Council's Chart of Accounts was undertaken. This project will result in improved budget management and financial reporting.

## Challenges

### Information Services

Year two of the ICT Strategic plan brings initiatives such as the upgrade of remote office network connectivity infrastructure in addition to the modernisation of the Compliance department in replacing pen and paper with fit-for-purpose mobile software and belt worn infringement printers.

This will also provide for the immediate access of information such as pet registration and similar data.

### Finance

The ability to deliver the quality and quantity of services expected from the community, whilst operating in a rate capping environment, continues to be a challenge. While Council is continually looking for ways to streamline services and reduce costs, many of Council's input costs are increasing at a greater rate than revenue. These costs primarily relate to the construction costs and materials required to meet community asset maintenance and renewal.

## The Year Ahead

### Finance

Council has continued to work on the development of a robust Long Term Financial Plan, which should be completed during the 2019/20 financial year. This financial plan will be a critical strategic document in preparing the next Council Plan and Strategic Resource Plan, providing the current and future Council with a greater understanding of the long term decisions that will be required to maintain Council's sustainability.





## Theme 4 Progress against Council Plan

<b>4.1 Effectively manage financial resources.</b>	
<b>Manage the short and long-term financial sustainability of the shire through prudent financial management.</b>	
<p>Current Financial Sustainability indicators are strong. Results of 2017/18 VAGO Audits rated Colac Otway low risk in five of the six indicators. Low risk in Net Result, Liquidity, Internal Financing, Indebtness and Capital Replacement. Adjusted Underlying Result was rated as medium risk. These ratings are consistent with the 2017/18 Local Government Performance results. Once the Long Term Financial Plan is completed, it will provide a much better perspective of the long term sustainability challenges for Colac Otway Shire Council, particularly in relation to Council's renewal gap.</p>	<b>Complete</b>
<b>Maintain the 10 year long term financial plan.</b>	
<p>Service plans for all the services provided by Colac Otway Shire have been extensively reviewed and updated for inclusion in the Long Term Financial Plan.</p>	<b>10%</b>
<b>Identify new income opportunities.</b>	
<p>Council has been successful in receiving substantial grant funds towards improvements at Memorial Square, Central Reserve and the Western Reserve in Colac. Council has also been successful for funding of \$19 million to undertake the City Deal Program, fund Harbour improvements at Apollo Bay, a walking/cycling trail between Wild Dog Creek and Skenes Creek, and toilet and parking improvements at Kennett River.</p>	<b>Ongoing</b>
<b>Maintain low risk audit rating for financial sustainability.</b>	
<p>As detailed in the Annual Report, Council's 2017/18 financial result is consistent with a low risk rating in relation to financial sustainability. The future of this indicator will largely be dependent on the decisions of Council once the Long Term Financial Plan is complete.</p>	<b>Complete</b>
<b>Organisational development and legislative compliance</b>	
<b><u>Information &amp; Communication Technology (ICT) Department</u></b>	
<p>The review of our Wide Area Network (WAN) facilities has been initiated, with work scoped to provide faster and more resilient network links to our site offices. A redesigned network link to our Disaster Recovery facility is also within this scope of work.</p> <p>A faster speed internet link has been ordered for the Rae Street precinct and is expected to be live during June 2019.</p> <p>A faster speed internet link has been ordered for the Disaster Recovery site, and due to fibre-optic cable installation lead times, installation is scheduled for October 2019.</p> <p>The Disaster Recovery facility equipment replacement program is 80% complete.</p> <p>The redesign of our SOE (Standard Operating Environment) from Windows 7/Microsoft Office 2010 -&gt; to Windows 10/ Microsoft Office 2016 is 90% complete.</p> <p>The major upgrade of the Civica Authority software suite is complete and was delivered mid May 2019.</p> <p>A new software and hardware solution has been installed at Alvie and Apollo Bay landfill/transfer stations. This includes new CCTV equipment.</p> <p>Replacement CCTV equipment has been installed at the Rae Street primary server room, replacing outdated equipment.</p> <p>The remote access solution is being refined and will be rolled out to all remote office sites over the next several months. The build of the replacement system is underway currently and scheduled for end user acceptance testing during August 2019.</p> <p>The incumbent document/report drafting solution InfoCouncil was installed with the complimentary products Doc Assembler with Docs on Tap for mobile devices. Go live was April</p>	<b>Ongoing</b>





<p>2019.</p> <p>A new Intranet ecosystem has been developed, with this new system being highly integrated with existing software, including the records management system, and will replace a 15 year old limited product. Go live is expected to by July 2019.</p> <p><b>GIS Department</b></p> <p>Updated aerial imagery has been ordered and flown. This facility provides insight and allows for accurate business decisions to be made in the areas of Planning, Building and capital works.</p> <p><b>Information Management Services (IMS) Department</b></p> <p>The digital mail-house project has been 99% completed, with training for many staff scheduled to occur in the coming month.</p> <p>The digital archive facility project is awaiting recruitment of vacant resources in the department to proceed.</p> <p>Investigation is underway into project planning for the decommissioning of the file storage area 'Drive Y'. A software product has been sourced to facilitate a component of this significant piece of work. This project will be overseen by the ICT Cross Functional Group.</p>	
<p><b>4.2 Openness and accountability in decision making.</b></p>	
<p><b>Ensure where ever possible decisions are debated and made in open Council meetings.</b></p>	
<p>The Governance team actively encourages all officers to list items for consideration in open Council except when section 89 of the <i>Local Government Act 1989</i> must be applied for legitimate reasons of confidentiality. This is the ongoing philosophy of the organisation in the interests of transparency, openness, best practice and good governance. The Manager, Governance &amp; Communications considers the rationale for every officer report to be considered in a closed session meeting. This is an ongoing task with ongoing assessment, as required.</p>	<p>Ongoing</p>
<p><b>Develop and implement a program of regular reporting on key activities to ensure they are focused on implementing priorities.</b></p>	
<p>A review of all corporate reporting documents has occurred throughout this financial year based upon the feedback from a number of stakeholders.</p> <p>A number of improvements to the documents has occurred and the general feedback regarding the revisions made has been very positive.</p> <p>A further review of our reporting requirements and formats will occur again in the coming financial year.</p>	<p>Complete</p>
<p><b>4.3 Organisational development and legislative compliance.</b></p>	
<p><b>Support organisational development to ensure key organisational capability areas support the organisation to deliver on Council priorities.</b></p>	
<p>The People and Culture Strategic Plan 2019-2021 was completed and circulated to all staff in December 2018. The proposed Year One actions are now being implemented on a timely basis and the progress of the strategic plan actions are being regularly reported to the EMT and staff. Major initiatives already completed include the development and implementation of an internal Coaching and Mentoring Program, a further 2019 Staff Alignment and Engagement Survey, the delivery of Performance Management and Development training for leaders, a review of the onboarding and offboarding processes, the creating of a 2019 Health and Wellbeing Program, the implementation of an e-recruit platform and the regular scheduling of professional development speakers for the leadership team.</p>	<p>90%</p>
<p><b>Manage our risk exposure, including providing a safe working environment where “Work Health and Safety is everyone’s business”.</b></p>	





<p>The OHS Strategic Plan 2018-2020 (Year Two actions) have all progressed, with our primary action of implementing regular departmental safety audits well accepted across the organisation. The OHS initiative of implementing a Mental Health First Aid Network across the organisation has been very well accepted with approximately 15 staff trained in Mental Health First Aid.</p>	<p>Complete</p>
<p><b>4.4 Provide value for money services for our community.</b></p>	
<p><b>Implement a program of ongoing service reviews to ensure our services are efficient and effective and are valued by the community.</b></p>	
<p>Council has adopted a program of detailed service reviews for the next three years. The program will be reviewed on an annual basis and will be implemented subject to budget being available.</p>	<p>75%</p>
<p><b>Enhance opportunities for increased local spending of Council expenditure.</b></p>	
<p>Under consideration by the Procurement Coordinator who is investigating local spending opportunities.</p>	<p>5%</p>
<p><b>Develop partnerships to procure services and materials on a regional basis.</b></p>	
<p>Under consideration by the Procurement Coordinator who is establishing regional partnerships and who will utilise MAV LEAP data.</p>	<p>5%</p>
<p> </p>	
<p><b>4.5 Communicate regularly with our community and involve them in decision-making.</b></p>	
<p><b>Review the Community Engagement Policy to guide council decision making.</b></p>	
<p>Likely adoption of a Local Government Act has been delayed. This will have implications for the content of the Engagement Policy and subsequent procedures.</p>	





## Theme 4 Local Government Reporting Framework

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

<b>Service/Indicator/measure</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Material Variations and Comments</b>
<b>Governance</b> <b>Transparency</b> <i>Council decisions made at meetings closed to the public</i> [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors ] x100	13.85%	16.37%	17.86%	6.10%	The significant decline from 2017/18 is reflective of the decrease in the number of decisions made in closed council.
<b>Consultation and engagement</b> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	48.00	46.00	55.00	54.00	Although there has been a decline of one for this indicator since 2018, Council is consistent with the average of Large Rural Councils.
<b>Attendance</b> <i>Council attendance at Council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	97.52%	98.21%	97.14%	90.29%	Although the result for this indicator has slightly declined from 2017/18, attendance by Councillors at Council meetings is still high.
<b>Service cost</b> <i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$39,945.14	\$39,185.69	\$41,116.71	\$42,300.86	This indicator is consistent with prior years and is largely impacted by statutory Councillor allowances.
<b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	43.00	45.00	49.00	52.00	This index score continues to improve each year since 2016 and is now at comparable levels to the Large Rural average; people aged between 18-34 are the most satisfied with Council's decisions.





# Democratic Governance

## Council's Role

Council's main responsibilities are to set the overall directions and goals for the municipality and then monitor their implementation and success. The tools for setting these directions and goals are the major strategic plans. These include the Council Plan, the Strategic Resource Plan, the Municipal Strategic Statement and the Municipal Public Health and Wellbeing Plan. Council also has a role in advocating on behalf of its communities to state and federal levels of government, statutory authorities and other sectors.

Council's role, powers and functions are primarily drawn from the *Local Government Act 1989*. Under S. 3D of the *Act* these are formally set out as follows:

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

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

### Decision-making process

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

By resolution at Council meetings and Special Committees of Council.

By Council officers under delegated authority. The Chief Executive (CE) is authorised under the *Local Government Act 1989* to manage the day-to-day operations of the organisation. The CE has the power to delegate decisions on operational matters to officers.

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

### Relationship between Council and the Executive

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



## **Councillor Code of Conduct**

The Councillor Code of Conduct was reviewed and adopted by Council on 27 February 2019. The code outlines the principles of good governance, guides Councillors' behaviour, accountability and dispute resolution between Councillors. All Councillors are expected to behave ethically and with integrity. The Code is available on Council's web site at <https://www.colacotway.vic.gov.au/Council-the-shire/Reports-strategies-plans/Policies-procedures-Local-Laws#section-2>

## **Conflict of interest**

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

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

During 2018/19, Councillors registered 20 conflicts of interest during Council Meetings and two in Council Planning Committee Meetings.

Copies of the following publication, published by the Department of Transport, Planning and Local Infrastructure have been provided to Councillors for information: Conflict of Interest: A Guide for Councillors, October 2012.

## **Councillor support and remuneration**

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

In line with the policy, support is provided to the Mayor in the form of a council vehicle. Information and communication technology is available to all Councillors.

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





The following table indicates the equipment currently provided to each Councillor:

Councillor	Mobile Phone	iPad	Next G Internet Connection	Printer	Keyboard case iPad
Cr J Schram (Mayor)	√	√			√
Cr J McCracken (Deputy Mayor)	√	√			√
Cr K Hanson	√	√			√
Cr S Hart	√	√			√
Cr C Potter	√	√			√
Cr B Crook	√	√			√
Mr T Woodcroft	√	√	√		√
Cr C Smith					

The following table sets out the allowance paid to Councillors for the reporting period

Councillor	Allowance <sup>2</sup>	Travel <sup>3</sup>	Car Mileage	Childcare	ICT	Conference & Training	Total
Cr J Schram (Mayor) <sup>1</sup>	\$58,284	-	-	-	\$944	\$580	\$59,809
Cr J McCracken (Deputy Mayor)	\$49,183	-	-	-	\$814	\$191	\$50,188
Cr K Hanson	\$26,691	\$80	\$1,890	-	\$793	-	\$29,454
Cr C Potter	\$26,691	-	\$1,086	-	\$1,054	\$1,493	\$30,324
Cr S Hart	\$26,691	\$1,200	\$5,439	-	\$262	-	\$33,592
Cr C Smith	\$26,691	\$200	\$3,941	-	\$323	-	\$31,155
Cr B Crook	\$21,178	\$80	\$2,660	-	\$767	-	\$24,685
Mr T Woodcroft	\$3,755	-	-	-	\$248	-	\$4,003
<b>Total</b>	<b>\$239,162</b>	<b>\$1,560</b>	<b>\$15,016</b>	<b>-</b>	<b>\$5,206</b>	<b>\$2,264</b>	<b>\$263,208</b>

1. Cr Schram was elected as Mayor on 14 November 2018. A councillor vehicle is provided to the Mayor for business and private use.

2. Allowances include superannuation contributions.

3. Travel includes amounts reimbursed to Councillors for travel related to Council business, remote area travel allowances and/or travel related expenses i.e. accommodation.





## Council meetings

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the fourth Wednesday of each month at Council Chambers in Colac. Reports are prepared independently by staff for both the information and decision of Council. During the year, Ordinary Council Meetings were also held in Beeac in August 2018 and in Apollo Bay in October 2018 and February 2019.

On occasions, Special Council Meetings are called to consider specific matters. Meetings are conducted in accordance with the meetings procedure provisions of Governance Local Law 4. Special Council Meetings were held in July, August, September and November 2018, and in March 2019. Special Committee Meetings were held in April and June 2018.

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

## Question time

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

The following table contains information about Councillor attendance at Council meetings.

Councillor	Ordinary Council	Special Meetings	Planning Committee	Special Committee	Councillor Briefing
<b>Cr J Schram (Mayor)</b>	12/12	5/5	5/5	1/2	22/23
<b>Cr J McCracken (Deputy Mayor)</b>	12/12	5/5	4/5	2/2	22/23
<b>Cr B Crook</b>	9/10	3/3	4/4	1/2	19/20
<b>Cr K Hanson</b>	12/12	5/5	5/5	2/2	19/23
<b>Cr S Hart</b>	12/12	4/5	5/5	2/2	19/23
<b>Cr C Potter</b>	11/12	3/5	5/5	2/2	21/23
<b>Cr C Smith</b>	11/12	5/5	5/5	2/2	4/23
<b>Mr T Woodcroft</b>	0/1	0/1	0/1	0/0	0/2

Mr Terry Woodcroft resigned from his role as Councillor on 6 August 2019.

Cr Brian Crook was elected as a Councillor on 27 August 2018 via a VEC countback to fill the extraordinary vacancy left by Terry Woodcroft's resignation.





The *Local Government Act 1989* acknowledges the need for Advisory and Special Committees of Council. These committees may include Councillors, council staff and other persons as deemed necessary. The Act also allows for Council, by Instrument of Delegation, to delegate any of its functions, duties or powers to a Special Committee. The current Committees of Council are as follows:

<b>Committee</b>	<b>Meeting Frequency</b>	<b>Purpose/Comments</b>
<b>Audit Committee</b>	Quarterly, or more frequently as determined	To review financial and risk management systems and assist Council carry out its corporate governance responsibilities. It has an independent member as the chairperson.
<b>Central Reserve Advisory Committee</b>	Quarterly	To facilitate communication between Council, park users and local residents about matters concerning planning, development, maintenance and operation of the reserve.
<b>Chief Executive Appraisal Committee</b>	Half yearly	To review the performance of the CE.
<b>Chief Executive Recruitment Special Committee</b>	As required	To consider the appointment of the CE.
<b>Colac Regional Saleyards Advisory Committee</b>	Generally quarterly, or as required	To provide advice on the operations of the centre and make recommendations to Council.
<b>Friends of the Colac Botanic Gardens Advisory Committee</b>	Monthly	To undertake voluntary projects and to act as an advisory committee for Council.
<b>Lake Colac Co-ordinating Committee</b>	Quarterly	To be a forum to assist Council in the implementation of the Lake Colac Management Plan and the Lake Colac Master Plan and to advise Council on the revitalisation and development of Lake Colac.
<b>Planning Committee</b>	Second Wednesday of the month (as required)	To consider and determine all matters referred to it pursuant to the instrument of delegation, matters relating to strategic issues, receiving regular reports on key performance indicators, and other matters referred to the Committee as seen fit.
<b>Special Committee</b>	As required	To consider submissions and other items of business under section 86 of the <i>Local Government Act 1989</i> .
<b>CE Employment Matters Advisory Committee</b>	At least six monthly	To report to the Council and provide recommendations, appropriate advice, information and feedback on relevant matters.





In addition to the previously listed committees, Councillors represented the Council on other committees and groups:

- Apollo Bay Harbour EOI Project Control Group
- Australian Local Government Association
- Barnard Trust Committee
- Barwon South West Waste and Resource Recovery Local Government Forum
- Colac Community Library and Learning Centre Joint Use Committee
- Colac Otway Network of Community Centres
- Colac Road Safety Group
- Community Hub Inc
- COPACC Trust
- Corangamite Regional Library Corp.
- G21 Board
- G21 Pillar Membership
  - ◊ Arts and Culture
  - ◊ Economic Development
  - ◊ Education and Training
  - ◊ Environment
  - ◊ Health and Well Being
  - ◊ Planning and Services
  - ◊ Sports and Recreation
  - ◊ Transportation

- Lavers Hill & District Emergency Response Planning Committee
- Lavers Hill Swimming Pool Committee of Management
- Mooleric Road Quarry
- Municipal Aerodrome Committee – Colac
- Municipal Association of Victoria
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Planning Committee
- Old Beechy Rail Trail Committee
- Ondit Quarry Consultative Committee
- Otways Tourism Advisory Committee
- Port of Apollo Bay Consultative Group
- Rural Council of Victoria
- Rural Financial Counselling Service Vic – Wimmera Southwest (RFC)
- Tirrengower Drainage Scheme Committee of Management
- Weeds Consultative Committee
- Timber Town Victoria Committee

Pages 12-14 provide details of which Councillor's represented Council on these committees and groups.

## Local Laws

The following local laws are in force:

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

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

### *No. 2 General Local Law*

Date Adopted by Council: 25 September 2013

Date Operational: 25 September 2013

### *No. 3 Livestock Local Law*

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

### *No. 4 Governance*

Date Adopted by Council: 26 November 2014

Date Operational: 12 December 2014

### *Colac Regional Saleyards Conditions of Entry and Operating Policy*

Date Adopted by Council: 23 September 2015

Date Operational: 24 September 015





## Policies, Strategies and Plans

The following policies, strategies and key plans were reviewed, endorsed and/or adopted by Council during 2018/19:

Policy, strategy or plan	Date endorsed / Adopted
<b>Municipal Public Health and Wellbeing Plan 2017-2021 Annual Review</b>	11 July 2018
<b>Asset Management Policy</b>	11 July 2018
<b>Colac 2050 Growth Plan and Planning Scheme Amendment</b>	25 July 2018
<b>Procurement Policy Review</b>	26 September 2018
<b>Councillor Code of Conduct Review</b>	28 November 2018
<b>Elliminyt Recreation Reserve Master Plan 2018</b>	12 December 2018
<b>Fraud Prevention &amp; Control Policy Review</b>	30 January 2019
<b>Investment Policy Review</b>	27 February 2019
<b>Colac Otway Shire Economic Development Strategy</b>	27 March 2019
<b>G21 Regional Hockey Strategy</b>	27 March 2019
<b>2019 – 2021 Rating Strategy</b>	24 April 2019
<b>Temporary Naming of Sporting Grounds Policy</b>	24 April 2019
<b>Memorial and Plaques Policy</b>	24 April 2019
<b>Borrowing Policy</b>	22 May 2019
<b>Debtor Management and Debt Recovery Policy Review</b>	22 May 2019
<b>Revised Council Plan 2017-2021</b>	26 June 2019
<b>Colac Otway Tourism Parking and Traffic Strategy</b>	26 June 2019
<b>Kennett River Tourism Parking and Traffic Strategy</b>	26 June 2019
<b>Complaints Policy</b>	26 June 2019

## Audit Committee

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

1.1 Assist the Council in its oversight responsibilities by monitoring, reviewing and advising on:

The truth and fairness of the view given by the annual financial and performance statements of the Council.

- The Council's accounting policies and practices in accordance with current and emerging, accounting standards.
- The external auditor's performance.

- The independence and performance of the internal audit function.
- Compliance with legal and regulatory requirements and policies.
- Compliance with Council policy framework.
- Internal controls, the control environment and the overall efficiency and effectiveness of financial operations.
- The Council's overall risk management policy and programs.

1.2 Provide a forum for communication between the Council, management and the internal and external auditors.





Mr Mike Said was reappointed Chairperson of the committee on 5 December 2018. Ms Linda MacRae was reappointed to the Committee commencing 14 December 2016 and resigned from the Audit Committee at what was her final meeting on 29 August 2018.

On 28 November 2018, Mr Brian Keane's appointment to the Audit Committee was ratified by Council at its Ordinary meeting. Mr Keane's first meeting as an independent member was on 5 December 2019.

Cr Stephen Hart and Cr Jason Schram were appointed to the Committee at the Ordinary Council meeting held on 28 November 2018.

The Chief Executive, General Manager Corporate Services, General Manager Infrastructure & Leisure Services, General Manager Development & Community Services, Manager Governance and Communications, Governance Coordinator, Manager Financial Services and the Finance Coordinator attend meetings to assist with information and support. Other council officers attend as required.

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

<b>Audit Committee</b>	<b>Attendance</b>
Mr Mike Said, Independent Member and Chairperson (EMES Consulting)	4/4
Ms Linda MacRae, Independent Member (Local Solutions Pty Ltd)	1/4
Mr Brian Keane, Independent Member	3/4
Cr Stephen Hart	4/4
Cr Jason Schram	4/4

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

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

### **Outcomes 2018/19**

- Development of an Audit Committee Plan for the year
- Review and endorsement of the Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Review End of Year Financial Management Report
- Review of Fraud Prevention and Control Policy
- Review of Risk Management issues and monitoring of the Risk Register developments
- Review Fraud Control Program Report
- Quarterly reporting of Fraud Control Program





### Outcomes 2018/19 (con't)

- Monitoring of Excess Annual Leave of staff
- Review of Quarterly Performance Reports to Council
- Reviewed the audit scopes, reports and recommendations of internal audit projects
- Review Waste Management results
- Review of progress of the Local Government Performance Reporting Framework
- Review of Road Management Plan Compliance

Council's external auditor is the Victorian Auditor General (agent McLaren Hunt).

Council's internal auditor is Crowe Horwath.





# Corporate Governance

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

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

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

The CE is also the main person to whom Council delegates powers.

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

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

## Council Plan

The Council Plan 2017-2021, developed with extensive community consultation, is a high level strategic document responding to the issues faced by our community and sets out our goals, key strategic activities and performance indicators for the four-year period. It also contains the Strategic Resource Plan showing the financial and human resources required to give effect to the plan. The Council Plan is reviewed annually and can be viewed on Council's website.

<http://www.colacotway.vic.gov.au/Council-the-shire/Reports-strategies-plans/Strategies-plans#section-1>



## Governance and Management Checklist

The checklist forms part of the *Local Government (Planning and Reporting) Regulations 2014* and is designed to measure whether a Council has strong governance and management frameworks. The presentation of the checklist is in the format prescribed in the regulations.

Governance and Management Items	Assessment	
<b>Community engagement policy</b> (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 24/07/2013	✓
<b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 24/07/2013	✓
<b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 26/06/2019	✓
<b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 26/06/2019	✓
<b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans: Building Asset Management Plan December 2018 Transport Asset Management Plan December 2018	✓
<b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 24/04/2019	✓
<b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 24/10/2018	✓
<b>Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 30/01/2019	✓
<b>Municipal emergency management plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 30/10/2016	✓
<b>Procurement policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of approval: 26/09/2018	✓





Governance and Management Items	Assessment	
<b>Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan Date of operation: 25/05/2018	✓
<b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of operation: 25/05/2018	✓
<b>Risk management framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 24/10/2018	✓
<b>Audit Committee</b> (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 31/12/1995	✓
<b>Internal audit</b> (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged Date of engagement: 07/05 2019	✓
<b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation: 28/07/2014	✓
<b>Council Plan reporting</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Report Date of reports: 12/11/2018 13/03/2019	✓
<b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with section 138(1) of the Act Dates statements presented: Q1. 24/10/2018 Q2. 24/10/2018 Q3. 30/01/2019 Q4. 24/04/2019	✓
<b>Risk reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Date of reports: Half Year 12/11/2018 Full Year 13/03/2019	✓





Governance and Management Items	Assessment	
<b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the <i>Act</i> )	Reports Date of report: Audit Committee Report Half Year 12/11/2018 Full Year 13/03/2019	✓
<b>Annual report</b> (annual report under sections 131, 132 and 133 of the <i>Act</i> to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the <i>Act</i> Date of consideration: 24/10/2018	✓
<b>Councillor Code of Conduct</b> (Code under section 76C of the <i>Act</i> setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the <i>Act</i> Date reviewed: 27/02/2019	✓
<b>Delegations</b> (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the <i>Act</i> Date of review: 24/05/2017	✓
<b>Meeting procedures</b> (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the <i>Act</i> Date local law made: 26/11/2014	✓

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

**Mr Peter Brown**  
Chief Executive  
Dated: September 2019

**Cr Jason Schram**  
Mayor  
Dated: September 2019





## Risk Management

Risk Management has a high organisational profile, reinforced by a Strategic Risk Register which is reviewed and updated bi-annually by staff and monitored by the Risk and Audit Committee. The register guides and supports actions to manage Council's highest perceived risks with risks assessed to a standard consistent with ISO/AS 31000. This year Council commenced a project to improve the way our corporate risk register is managed. Risk items will be consolidated and moved to a new program allowing increased autonomy for risk owners and efficiency in reporting and delivery of information.

Council's Risk Management Policy and Procedure help foster a culture of responsibility across our workforce providing a framework based on International Standard ISO 31000:2009. This year Council's Risk Management Policy was reviewed and revised to include a risk appetite statement, developed in consultation with Council's Risk Management Committee. The inclusion of this risk appetite provides a tool for effective decision-making and project performance management, covering a number of critical risk categories as described in the risk consequence matrix, including:

- council and community expectations;
- the income potential from accepting risks relative to income from risk-free activities (the risk/reward trade off);
- resource availability; and
- adequacy of risk management systems.

## Insuring our risks

Council has placed particular efforts into evaluating its insurance program, working with our insurance broker to ensure that value for money is achieved whilst maintaining appropriate levels of cover relevant to our risk profile. Independent risk profiling will be considered in 2019/20 which will identify any opportunities for further cost savings, with no added risk exposure. Asset valuations were completed independently this year, with replacement values updated to further reflect true values in relation to insuring property, including community facilities.

## Contracts

During 2018/19 Council entered into one contract valued in excess of \$200,000 including GST without inviting a public tender. The contract was for the redevelopment of the Winifred Nance Kindergarten and was valued at \$335,998 excluding GST.

During 2018/2019 Council procured labour hire services totalling \$2,253,419.93 including GST with three companies without inviting a public tender or entering into a contract.

## Grants and Donations to the Community

To assist our community to undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups and organisations. In 2019 Council provided a total of \$588,000 to our community; \$297,000 as a result of applications for funding by community groups and organisations for a variety of projects ranging from minor maintenance to sporting clubs and arts and theatre groups, and \$291,000 was allocated to support community events and organisations.





## Continuous Service Improvement

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

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

The following pages provide details of service improvements that have been implemented during 2018/19.

## Planning, Building & Health Protection

- Trapeze software has been installed in the Planning and Building units to allow electronic assessment and approval of planning and building permit applications, and new Connect software has been introduced to allow easier communication with applicants and transfer of large files. These initiatives are aimed at allowing the office to go paperless, and introduce efficiencies in processing.
- Improvements have been made to CIVICA Authority software to facilitate more efficient workflows in Planning and Building aimed at making processes more efficient, reduce workloads for staff and reduce assessment times.
- Health Registration processes have been changed to align all renewals of existing business registrations with a single date to make the processing task more efficient.
- Health Manager software has been introduced to process health related applications, inspections and complaints. This software was introduced to facilitate more efficient processing and enable monitoring of performance and workload.
- Health officers have been assigned specific areas of focus for inspections and approvals/registration renewals to increase accountability of performance.
- A planning scheme amendment was initiated to remove redundant planning overlay controls and work has commenced to review permit requirements in Colac's heritage precincts to reduce the number of planning applications received and reduce the burden on land owners. Changes being pursued based on priority of Council as expressed in the Council Plan and 2018 Planning Scheme Review.
- Incoming planning and building enquiries are now being handled by administrative staff as a first port of call to enhance customer responsiveness and increase efficiency of permit processing. Change introduced to reduce workload for statutory planning team and improve customer service.
- New administrative procedures were introduced to make building compliance procedures more efficient, including greater use of templates and electronic workflows. Changes initiated by officers to improve productivity and staff workload.
- New procedures introduced for audits of compliance of businesses with Essential Safety Measures requirements in the Building Regulations, as part of a new auditing program being introduced to ensure that risk to life and property is minimised through non-compliance.





- Building compliance processes adjusted to increase communication with land owners concerning non-compliance with building legislation, and communication of options to achieve compliance co-operatively. This has included changes in written documentation and enhanced verbal communication with owners, and has been pursued in response to criticism from the community.
- New procedures introduced for auditing of the performance of on-site wastewater treatment systems outside sewerred areas of the Shire, as part of a new program to minimise non-compliance of systems and meet obligations in Council's adopted Domestic Wastewater Management Plan.

### **Economic Development & Tourism**

- The transition of Council's Community Grants Program to an online format through Smarty Grants. The program has a budget of \$311,000 and has been a manual process previously. The online system provides efficiencies for grant applicants and assessing officers.

### **Environment & Community Safety**

#### **Environment and Sustainability**

- Ongoing energy efficiency improvements in the form of LED lighting upgrades.
- Improvements in data collection, particularly around logging of bulk fuel for plant and equipment.
- Expanded the service offering from Council's environmental score-keeper – Azility – to include a Utility Control module that provides critical oversight on all electricity accounts, enabling significant streamlining and the capacity for ongoing efficiency improvements.

#### **Emergency Management and Fire Prevention**

- Council's Fire Prevention and Awareness Raising Program expanded to become included in the larger bushfire awareness and education programs delivered by Country Fire Authority and Forest Fire Management (DELWP) as part of the larger Victorian Government's Safer Together program. This multi-agency approach provides the community with the most current and relevant advice and support in preparation to reduce the impact of a fire emergency. Council is also engaged in Community Based Emergency Management Projects with Emergency Management Victoria to better understand community assets, values, risks and other priorities.
- The 2018/19 fire prevention program was initiated earlier than usual, to test out new fire inspection software. As the fire danger period progressed, the advantages in ease of use, improved connectivity in the field, and significant reductions in the administration of the Fire Prevention Notices, created a more efficient fire prevention inspection process at a reduced cost.

#### **Closed Landfill Management**

A closed landfill risk assessment was completed in 2018/19 that categorised Council's ten closed landfills based on the Environment Protection Authority (EPA) guidelines. Council can now prioritise the rehabilitation of landfills based on their risk to the environment.





### **Infrastructure Services**

- Embedding the newly created project delivery procedure across the entire organisation
- Using asset condition data to provide efficiencies through more effective works renewal programs for all asset types.

### **Bluewater Leisure Centre**

The 2017 Bluewater Business Review identifies key areas for improvement and a number of recommendations regarding how the Centre can better deliver on Council's strategic objectives.

As a result of this report, Bluewater management have implemented a number of initiatives, including;

- the implementation of 24/7 operations and on-demand virtual classes
- the addition of Walking Water Polo to our Active Aging program
- offering free showers for the homeless in partnership with Colac Area Health
- installation of a new heating system for the toddler pool
- replacement of the spa boiler to improve heating of the pool
- implementation of concession pricing for the Swim School Program
- implementation of an online staff roster program that will reduce administration time.

### **Service and Operations**

Services and Operations over the past 12 months have introduced significant programs and initiatives for improvement across all sections of the business.

#### **Safety and environment**

- Specialty Safety and Environment Officer position put in place
- The purchase of two oil spill units
- Ongoing deployment of a new radio communications network across Colac Otway Shire
- Major training rollout to upskill staff so that all equipment users are trained and compliant
- Deployment of manual handling training to all Services & Operations staff.

#### **Port of Apollo Bay**

- Recruitment of full time staff to replace casual staff with a marine skill set
- Contracts, permits and financial planning was a major focus and was able to be facilitated by the appointment of a full time Port Manager as caretaker and as a result all are in order and setup for the future
- Dredging has recommenced to allow larger vessels into the harbour with the appropriate approved permits in place
- The general maintenance of equipment and harbour fixtures such as hand rails, ladders and slip ways were identified and repaired or replaced
- Safety equipment such as the replacement of aging navigation aids
- Harbour public toilets were installed
- Sealing of the carpark to improve the customer experience for harbour users.





### **The Parks & Gardens**

- Dedicated resources for open spaces improvement plan rollout
- Focus on the Botanical Gardens with the creation of a curator position
- The appointment of an apprentice
- Reduction of high maintenance garden beds
- Revegetation program with the removal of dead trees and replanting of over 700 trees.

### **Roads Network** (with a major focus on drainage)

- Services & Operations staff have undertaken training to standardise our road maintenance practices
- A Quality Assurance function was introduced to assure standards and best road maintenance practice
- The appointment of full time staff over contract labour hire
- The purchase of additional heavy equipment to match the requirements of work needs.

### **Fleet Operations**

- Workshop upgrade including the purchase of a heavy plant hoist
- In-house servicing of light fleet over outsourcing to external providers
- Appointment of an apprentice

### **Information Management**

- Implementation of a digital mail-house solution. This allows for the sending of physical mail straight from a staff members computer desktop. Previously staff were required to print, fold, place into envelopes, and carry mail to the post office for delivery. This is now not necessary; particularly beneficial in the case of large mail-outs.
- Manual process digitisation projects have been completed, including but not limited to transitioning physical paper handling to electronic sending and receipt of plans for the building and planning departments.
- A major upgrade of our Electronic Document and Records Management System (EDRMS) was completed, used to store, track and version control all documents created and received by Council.
- ICT Disaster Recovery and Business Continuity upgrade. We have recently relocated our DR site, which is effectively a backup computer server room. Additional equipment has been installed and improvements made such that in the event of a server failure at the main administrative office, backup systems will come online and take over necessary services. This allows for staff to continue work, websites to remain available, and maintain the continuance of service delivery.
- Renewed aerial imagery was acquired through a collaborative procurement program. This GIS information is used to inform decision making with Planning, Building, Health, and Capital Works projects. This is akin to that used by Google Maps but of higher quality.





### **Community Services**

- Maternal and Child Health has seen a 10% increase in participation rates in the Key Ages and Stages Assessments for the older age group of children from 8 months to 3.5 years.
- A 0.4EFT nurse was appointed through increased State Government funding to provide Enhanced Services for families within the Shire.

### **Legislative Compliance**

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

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

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





## Carers Recognition Act 2012

Colac Otway Shire is a registered provider to deliver services and support under the National Disability Insurance Scheme (NDIS) and the *Aged Care Act*. These services support eligible people to remain independent, active and valued members of our community and are designed in conjunction with the individual, their family and carers.

Council's Older Persons and Ability Support Services (OPASS) is required to operate under three key legislative requirements:

1. The *Aged Care Act 1997* which is the overarching legislation that outlines the obligations and responsibilities that aged care providers must follow to receive subsidies from the Australian Government
2. The *National Disability Insurance Scheme Act 2013* (NDIS Act) which established the National Disability Insurance Scheme.

Objectives of the scheme outlined in the *NDIS Act* include:

- supporting the independence and social and economic participation of people with disability
- providing reasonable and necessary supports, including early intervention supports, for participants
- enabling people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports
- facilitating the development of a nationally consistent approach to the access to, and the planning and funding of, supports for people with disability, and
- promoting the provision of high quality and innovative supports to people with disability.

In line with this legislation, Council's services are externally audited against:

3. The *Aged Care Quality Standards* that focus on outcomes for consumers and reflect the level of care and services the community can expect from organisations that provide Commonwealth subsidised aged care services.

The Quality Standards are made up of eight individual standards:

1. Consumer dignity and choice.
2. Ongoing assessment and planning with consumers.
3. Personal care and clinical care.
4. Services and supports for daily living.
5. Organisations service environment.
6. Feedback and complaints.
7. Human resources.
8. Organisational governance.

The **National Disability Service Standards** outline the requirements of organisations in the provision of services to people with a disability.

There are six National Standards that apply to disability service providers:

1. **Rights:** The service promotes individual rights to freedom of expression, self-determination and decision-making and actively prevents abuse, harm, neglect and violence.
2. **Participation and Inclusion:** The service works with individuals and families, friends and carers to promote opportunities for meaningful participation and active inclusion in society.
3. **Individual Outcomes:** Services and supports are assessed, planned, delivered and reviewed to build on individual strengths and enable individuals to reach their goals.
4. **Feedback and Complaints:** Regular feedback is sought and used to inform individual and organisation-wide service reviews and improvement.





5. **Service Access:** The service manages access, commencement and leaving a service in a transparent, fair, equal and responsive way.
6. **Service Management:** The service has effective and accountable service management and leadership to maximise outcomes for individuals.

#### **Domestic Animals Act 1994**

Under the *Act* Council is required to evaluate its Domestic Animal Management Plan implementation in the annual report. The plan was prepared in accordance with the requirements and responsibilities under the *Domestic Animals Act 1994*, the *Impounding of Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies. A review of the plan commenced in early 2017, with the revised plan endorsed by Council on 22 November 2017.

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

As at 30 June 2019 there were 5,523 domestic animals registered; 4,123 dogs and 1,400 cats. Of the 179 dogs impounded, 147 were returned to their owners, 22 were rehoused and 10 were euthanised.

Of the 128 cats impounded, 12 were returned to their owners, 52 were rehoused and 64 were euthanised. Council continued to receive support through a local vet who is running a cat adoption program and a reduced price de-sexing program, enabling a slight increase on the number that were rehoused in the previous year.

#### **Food Act 1984**

In accordance with section 7E of the Food Act 1984, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report. No Ministerial Directions were received by council during 2018/19.

#### **Freedom of Information Act 1982**

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

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

Freedom of information (FOI) requests must be made in writing and be accompanied by a \$28.90 application fee. Applicants should also indicate how they would like to receive the information. For further information and access to the FOI Access Request Form, see Council's website





<http://www.colacotway.vic.gov.au/Council-the-shire/Permits-applications-forms/Freedom-of-Information-Access-Request-Form>.

### **Appeals**

Applicants may appeal the decision made about their FOI request or the cost charged for access to documents. The letter containing the decision also outlines the appeal process. There were 12 FOI requests received in 2018/19.

### **Privacy and Data Protection Act 2014**

Council has adopted policies on information privacy and health records that meet the requirements of the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*. Both *Acts* include privacy principles about the collection, use and disclosure of information. Council's Information Privacy and Data Protection Policy can be downloaded from our website at <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>. The responsible handling of personal information is a key aspect of governance and we are strongly committed to protecting an individual's right to privacy. No complaints were received during 2018/19.

### **Protected Disclosure Act 2012**

Council has established guidelines for responding to protected disclosures, which establishes a process for reporting improper conduct or detrimental action by Colac Otway Shire or its employees. Disclosures can be made to the nominated Council staff or to the Independent Broad-based Anti-Corruption Commission (IBAC). Disclosures may be made by any person including a member, officer or employee of Colac Otway Shire. There were no protected disclosures reported in 2018/19. <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>.

### **Road Management Act 2004**

Council, as a road authority, is required under Section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No Ministerial Directions were received during 2018/19.

## **Public Access to Registers and Documents**

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

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by Councillor or any member of Council staff in the previous 12 months.
- Agendas and Minutes of Ordinary and Special meetings held in the previous 12 months which are kept under section 93 of the *Act*, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the *Act* and are confidential information within the meaning of section 77(2) of the *Act*.
- Minutes of meetings of special committees established under section 86 of the *Act* and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the *Act* and are confidential information within the meaning of section 77(2) of the *Act*.
- A register of delegations kept under sections 87(1) and 98(4) of the *Act*, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the *Act*.





- A document containing details of all leases involving land, which was entered into by the Council as lessor, including the lessee and the terms and the value of the lease.
- A register maintained under section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.





# Financial Report





## Financial Performance

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2018/19 and our financial position at the end of the period. It enables an assessment of our ability to deliver current services and maintain existing facilities in the longer-term.

### In brief

The 2018/19 results show that Council remains financially sustainable with the following key results.

- Net Surplus \$6.97m
- Adjusted Underlying Result \$2.36m
- Cash Balance \$20.5m
- Working Capital Ratio 204% (Current Assets/Current Liabilities)
- Capital Works program \$18.97m, of which 68% related to asset renewal projects

The \$8.9m favourable result compared to budget primarily relates to the following:

- \$14m of unbudgeted grants, including:
  - \$5.6m received in relation to Flood and Bushfire recovery.
  - \$3.7m of 2019/20 Federal Assistance Grants received in advance.
  - \$1.6m relating to the management of Port of Apollo Bay.
  - \$1.3m received for various road projects.
- 701k of additional Rates and Charges. This resulted from an increase in the number of assessments and the commissioning of the Mt Gellibrand Windfarm.
- \$6.5m of additional Materials and Services expense, including:
  - \$2.36m Expensed Capital - Some capital works did not meet the capitalisation threshold and have been treated as operational expenditure;
  - \$1.71m Carry Forwards - Items that were not completed at the end of the 2017/18 year and were carried forward to the 2018/19 year;
  - \$1.02m Port of Apollo Bay Expenditure - Lead Lights Project, Barrum Replacement Project and other operational activities. This expenditure is fully funded;
  - \$217k Aged Care – There has been an increase in the quantity of home care packages provided. There has been an increase in associated income.
- \$1.1m of additional employee benefits, including:
  - \$301k Expensed Capital - Some capital works did not meet the capitalisation threshold and have been treated as operational expenditure;
  - \$227k Long Service Leave Provision - Expense is a result of a change in the discount rate used for LSL provision. This rate is provided by the State Government - Treasury and Finance;
  - \$235k Workcover - Expenditure incurred as a result of employees being on Workcover. Council have been reimbursed \$143k, which was allocated as 'other income';
  - \$103k Aged Care – There has been an increase in the quantity of home care packages provided. There has been an increase in associated income; and
  - \$102k Bluewater Fitness Centre - Employee costs increased as a result of increasing operational hours to 24/7. There was an associated increase in income generated.

For more information on the actual variances to budget please refer to the Financial Statements Note 1 – Performance against budget.





We ended the financial year with a total cash balance of \$20.5 million. This is a decrease of \$3 million from the prior year primarily due to:

- Timing of payments and receipts;
- funding 100% (\$18.97m) of the capital works program from operating cash and cash reserves; and
- No additional loans and borrowings were undertaken in 2018/19 and \$649k of existing loans and borrowings were repaid which further reduced Council’s cash balance.

### Operating results

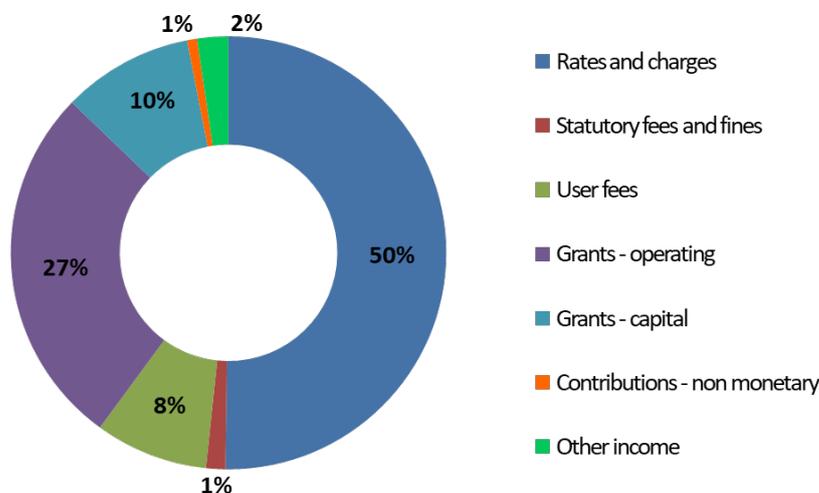
We achieved a \$6.97 million surplus in 2018/19, compared to a surplus of \$3.75 million in 2017/18.

Our major challenge in future years is to continue generating sufficient cash to fund infrastructure renewal requirements whilst maintaining service levels. This challenge is further impacted given the current restrictions on Council’s ability to raise revenue within the rate cap, set under the State Government’s Fair Go Rates System.

Council is currently undertaking a project to develop a more robust long term financial plan that will assist in meeting these renewal requirements.

### Revenue

Our total revenue for 2018/19 was \$61.6 million (budgeted \$45.4 million) compared with \$53.9 million for 2017/18. Further detail on our income can be seen in the Comprehensive Income Statement.



An analysis of Council’s revenue sources highlights that 77% of our income is derived from two income categories:

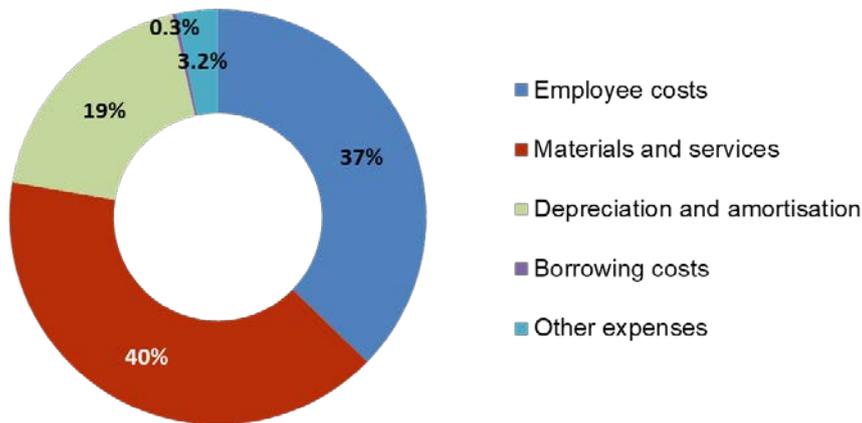
- Rates and charges 50%
- Operating grants 27%





## Expenditure

Our total expenses for 2018/19 were \$54.6 million; \$4.5 million more than the \$50.1 million spent in 2017/18 (detailed in the Comprehensive Income Statement).

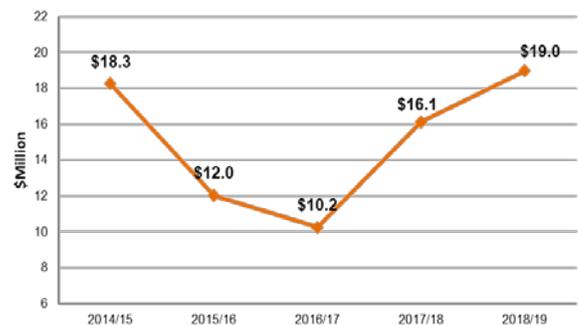


An analysis of expenses indicates that 96% were in the following three categories:

- Employee benefits 37%
- Materials and services 40%
- Depreciation and amortisation 19%

## Capital Works

In 2018/19 our Capital Works activities increased by \$2.9 million from last year, to a total of \$19 million. Renewal of our existing assets accounted for \$12.9 million, new assets accounted for \$3 million and upgrade to existing assets totalled \$3.1 million. The investment in capital works is a strategic approach to maintaining or renewing the community's existing assets as they age. Council is currently undertaking a large body of work to review existing and develop new asset management plans.



Activities included:

- \$9.6 million on road works.
- \$2.6 million on drainage and storm water.
- \$2.1 million on footpaths and cycle ways.
- \$1.1 million on buildings.
- \$0.9 million on renewal of Council's plant, machinery and equipment.
- \$0.6 million on bridge works.





## Assets

Our total assets are valued at \$342 million; 99% consisting of:

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

## Liabilities

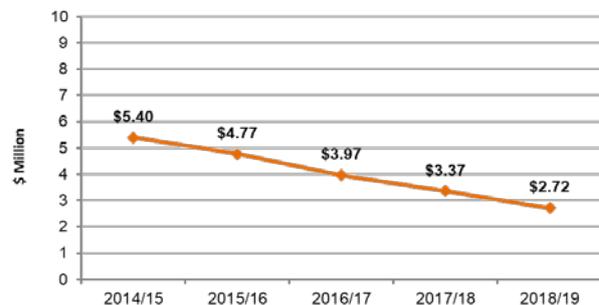
Our total liabilities were \$20.9 million as at 30 June 2019. Liabilities included loans, amounts owed to suppliers, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements. Liabilities decreased by \$0.7 million, in comparison with 2017/18.

Provisions for employee benefits increased by \$0.23 million, due to a combination of more leave accruing than what was taken and an adjustment to the prescribed discount rate applied to long service leave provisions.

## Loan liability

Council's borrowings liability levels reduced from \$3.37 million in 2017/18 to \$2.72 million in 2018/19.

During 2018/19 Council made total loan payments of \$0.83 million (\$0.65 million repayment and \$0.18 million interest). Council's current loans and borrowing are well under the prudential ratio limits previously used by the Victorian State Government.



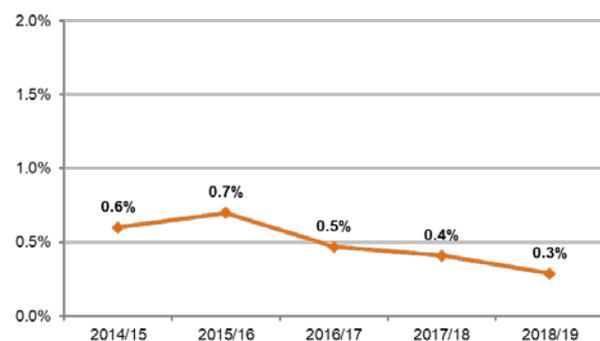
## Financial Indicators

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

## Debt Servicing Ratio

The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. These debt-servicing costs refer to the payment of interest on loan borrowings and any lease interest. The ratio expresses the amount of interest paid as a percentage of our total revenue.

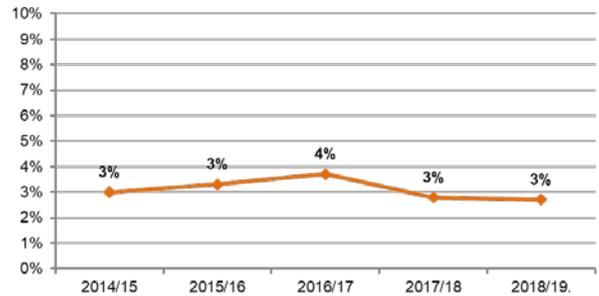
The ratio of 0.3% is very low and indicates that we are comfortably able to service existing debt levels and have further capacity to borrow if required.





### Debt Repayment Ratio

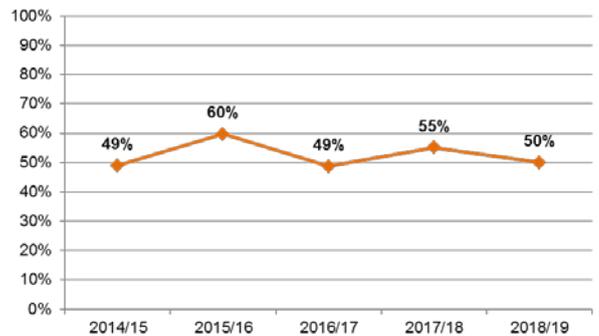
The Debt Repayment Ratio is used to illustrate how much of our rate revenue is used to fund our existing debt for the year. This includes the payment of principal and interest relating to loans and leases. The rate at which the ratio either increases or decreases is a reflection of our debt redemption strategy. The debt repayment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.



Our Debt Repayment Ratio remains under the 5% threshold adopted within Council’s borrowing policy.

### Revenue Ratio

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



### Financial Sustainability Indicators

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

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

The following seven indicators are utilised and published by the Victorian Auditor General annually, to assess the financial viability of councils. The figures for the financial years 2014/15 to 2017/18 are taken from the Victorian Auditor-General’s Office (VAGO) report that can be found at:

<https://www.audit.vic.gov.au/sites/default/files/2018-12/20181912-Local-Government.pdf>

The 2018/19 figures in the graphs are our calculations of the ratios.





The following table summarises Colac Otway Shire Council's result for 2018/19, with five of the seven indicators at Low risk.

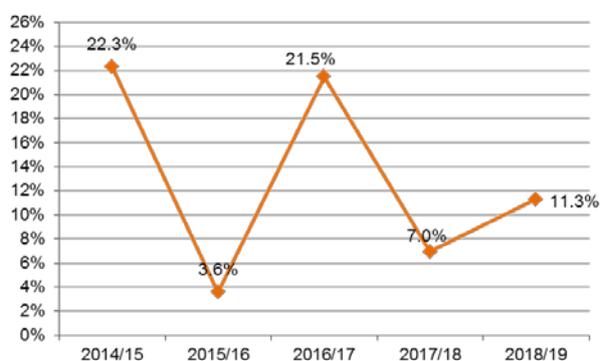
Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Net Result Ratio	11.3%	Less than Negative 10%	Between negative 10% and zero	Greater than zero
Adjusted underlying result	4.2%	Less than 0%	Between 0% and 5%	Greater than 5%
Liquidity Ratio	204.0%	Less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	23.5%	Greater than 60%	Between 40% and 60%	Less than 40%
Internal Financing Ratio	88.0%	Less than 75%	Between 75% and 100%	Greater than 100%
Capital Replacement	185.0%	Less than 100%	Between 100% and 150%	Greater than 150%
Renewal Gap	133.4%	Less than 50%	Between 50% and 100%	Greater than 100%

The following information provides a definition for each indicator and the five-year trend for each:

### Net Result Ratio

This measures how much of each dollar collected as revenue translates to net result. A positive result indicates a surplus, and the larger the percentage, the stronger the result.

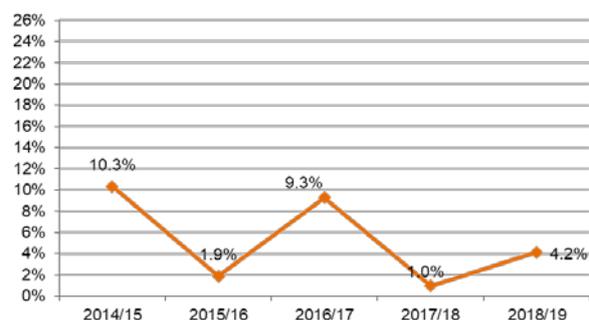
This ratio includes capital grants that aid in generating a surplus. This can be utilised for new assets or asset renewal. This result places Council within the 'Low' risk category for financial sustainability.



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

### Adjusted Underlying Result

This measures an entity ability to generate surplus in the ordinary course of business—excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from the net result. A surplus or increasing surplus suggests an improvement in the operating position.



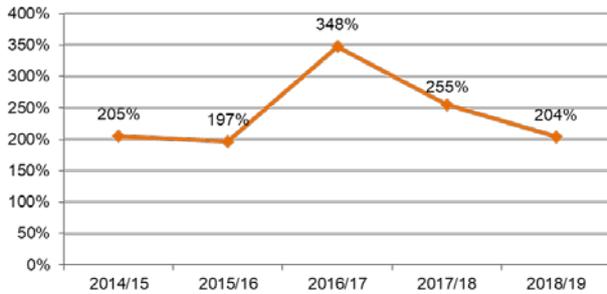
It is important to note that this indicator has been positively impacted by receiving \$3.7 million of 2019/20 Federal Assistance Grants in advance. Excluding the receipt of these funds the result would have been negative.





### Working Capital Ratio

This measures an entity's ability to pay existing liabilities in the next 12 months. A ratio greater than 100% means there are more cash and liquid assets than short-term liabilities.

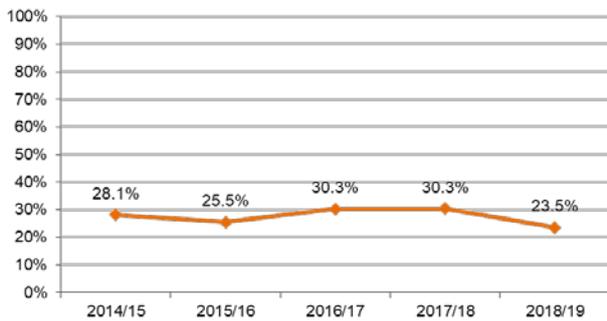


The Working Capital Ratio expresses the level of current assets, such as cash and investments, that Council has available to meet our current liabilities. This includes outstanding creditors and employee entitlements.

Our current ratio of 204% is well over the recommended target for low risk, but does include \$3.7 million of cash received in advance.

### Indebtedness Ratio

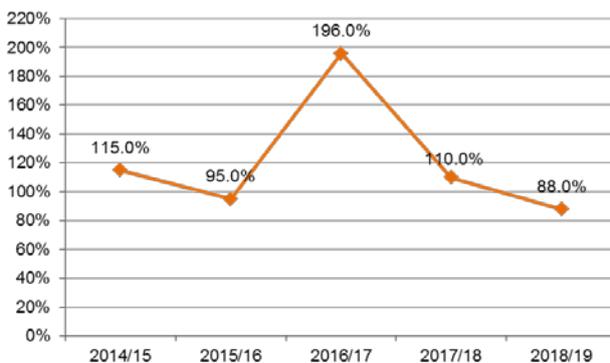
This assesses an entity's ability to pay the principal and interest on borrowings, as and when they fall due, from the funds it generates. The lower the ratio, the less revenue the entity is required to use to repay its total debt. Own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions.



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

### Internal Financing Ratio

This measures an entity's ability to finance capital works using cash generated by its operating cash flows. The higher the percentage, the greater the ability for the entity to finance capital works from its own funds.



Results indicate that Council's ability to generate sufficient cash from operations to fund the renewal of existing assets has declined over the last two years.

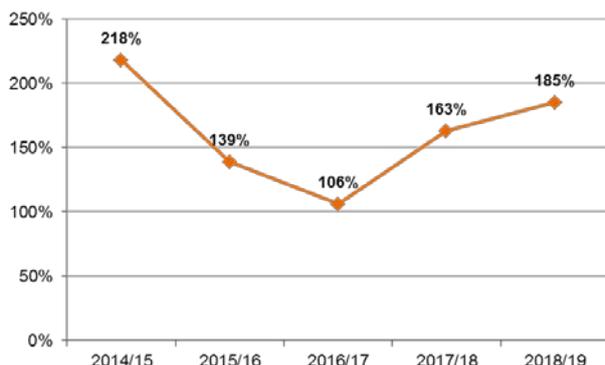
**Note:** This Ratio was revised by the Victorian Auditor General's Office in 2015/16, with prior year figures updated to reflect the new calculation methodology.





### Capital Replacement Ratio

This compares the rate of spending on infrastructure, property, plant and equipment, and intangibles with its depreciation and amortisation. This is a long-term indicator, as capital expenditure can differ in the short term if there are insufficient funds available from operations, and borrowing is not an option. A ratio less than 100% means the spending on capital works has not kept pace with consumption of assets.



This ratio is about the overall spending on assets, both new and existing.

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

### Renewal Gap Ratio

This compares the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 100% indicate that spending on existing assets is faster than the depreciation rate.



This ratio is about the renewal and upgrade of our existing assets (i.e. replacing one asset with another of the same or better quality).





# Understanding the Financial Statements

## Introduction

The financial statements show Council's performance during 2018/19 and our overall financial position as at 30 June 2019.

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

The financial report comprises two sets of statements:

- Financial Statements (see page 112)
- Performance Statement (see page 154)

## Annual Financial Report

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

Council's financial report has two main sections, the Report and the Notes. There are five Statements and eight notes. These are prepared by Council staff, reviewed by Council and Council's Audit Committee and then given audit approval by the Victorian Auditor-General.

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

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

### Comprehensive Income Statement

This statement includes all sources of income, less all operating expenses incurred in delivering Council services. It also includes depreciation of the value of buildings, roads, footpaths, drains and all other assets used to deliver Council services. These assets are depreciated over their life as they are used. Capital costs or new assets acquired or created during the year are excluded from this statement.

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

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

### Balance Sheet

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

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





### **Current and Non-Current Assets**

- Cash and cash equivalents include cash held at bank, petty cash and term deposits with an original investment period of 90 days or less.
- Other Financial Assets include investments, such as term deposits with original investment periods greater than 90 days.
- Trade and Other Receivables are monies owed to Council by ratepayers and other customers.
- Inventories include any stock being held by Council.
- Other assets include accounts which have been prepaid.
- Investment in Associate and joint ventures is the investment in the Corangamite Regional Library Corporation.
- Property, Plant and Equipment, Infrastructure is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, and other items.

### **Current and Non-Current Liabilities**

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

### **Net Assets**

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

### **Total Equity**

- Asset revaluation reserve is the difference between the cost of property and infrastructure assets and their current valuations.
- Other reserves are allocations of the accumulated surplus for specific funding purposes. Some are required by legislation; some are mandated under Council policy.
- Accumulated surplus is the value of all net assets accumulated over time.

### **Statement of Changes in Equity**

The value of total equity, as set out in the balance sheet, changes during the year. The statement shows the movement in total equity and any movement between accumulate surplus and reserves.

The main reasons for changes in equity are:

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





## Statement of Cash Flows

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

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

### 1. Cash Flow from Operating Activities

*Receipts.* All cash received into Council's bank account from ratepayers and other monies owed to Council. Receipts also include the interest assets from Council's cash investments. It does not include the costs associated with the sale of assets.

*Payments.* All cash paid from Council's bank account to suppliers, staff and other persons. It does not include the costs associated with the creation of assets.

### 2. Cash Flow from Investing Activities

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

### 3. Cash Flow from Financing Activities

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

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

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

## Statement of Capital Works

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

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

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

## Notes to the Accounts

The Notes are an important and informative section of the report. The Australian Accounting Standards are not prescriptive on a lot of issues.

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





Note 1 provides for a comparison between end of year actual results and Council's original budget, highlighting and providing explanations for major variances.

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

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

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

### **What is the Performance Statement?**

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

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

### **Statements by Principal Accounting Officer and Councillors**

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

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

### **Auditor General's Report**

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



**Colac Otway Shire Council  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2019*

**Colac Otway Shire Council  
Financial Report  
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### Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.



Jason Clissold FCPA  
Principal Accounting Officer

25 September 2019  
Apollo Bay

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2019 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Cr Jason Shram  
Councillor

25 September 2019  
Apollo Bay



Cr Brian Crook  
Councillor

25 September 2019  
Apollo Bay



Peter Brown  
Chief Executive

25 September 2019  
Apollo Bay

# Independent Auditor's Report

## To the Councillors of Colac Otway Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Colac Otway Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---

MELBOURNE  
27 September 2019

  
Jonathan Kyvelidis  
as delegate for the Auditor-General of Victoria

## Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Income</b>			
Rates and charges	3.1	30,905	29,654
Statutory fees and fines	3.2	885	795
User fees	3.3	5,167	4,535
Grants - operating	3.4	16,719	9,663
Grants - capital	3.4	5,984	6,386
Contributions - monetary	3.5	180	325
Contributions - non monetary	3.5	457	1,598
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	202	(87)
Share of net profits (or loss) of associates and joint ventures	6.2	35	16
Other income	3.7	1,037	968
<b>Total income</b>		<b>61,570</b>	<b>53,855</b>
<b>Expenses</b>			
Employee costs	4.1	20,329	18,910
Materials and services	4.2	22,047	17,998
Depreciation and amortisation	4.3	10,268	9,905
Bad and doubtful debts	4.4	47	3
Borrowing costs	4.5	178	223
Other expenses	4.6	1,729	3,066
<b>Total expenses</b>		<b>54,599</b>	<b>50,105</b>
<b>Surplus/(deficit) for the year</b>		<b>6,971</b>	<b>3,750</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.1	20,920	(815)
Share of other comprehensive income of associates and joint ventures	6.2	-	-
<b>Total comprehensive result</b>		<b>27,891</b>	<b>2,934</b>

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

## Balance Sheet As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	20,524	6,093
Trade and other receivables	5.1	3,304	3,181
Other financial assets	5.1	-	17,419
Inventories	5.2	149	151
Other assets	5.2	431	367
<b>Total current assets</b>		<b>24,408</b>	<b>27,211</b>
<b>Non-current assets</b>			
Intangible assets	5.2	-	2
Property, infrastructure, plant and equipment	6.1	316,910	286,913
Investments in associates, joint arrangements and subsidiaries	6.2	390	355
<b>Total non-current assets</b>		<b>317,300</b>	<b>287,271</b>
<b>Total assets</b>		<b>341,708</b>	<b>314,482</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	3,900	4,781
Trust funds and deposits	5.3	802	392
Interest-bearing liabilities	5.4	1,697	649
Provisions	5.5	5,540	4,863
<b>Total current liabilities</b>		<b>11,939</b>	<b>10,685</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	5.4	1,024	2,721
Provisions	5.5	7,967	8,189
<b>Total non-current liabilities</b>		<b>8,991</b>	<b>10,910</b>
<b>Total liabilities</b>		<b>20,930</b>	<b>21,595</b>
<b>Net assets</b>		<b>320,778</b>	<b>292,887</b>
<b>Equity</b>			
Accumulated surplus		122,134	116,159
Reserves	9.1	198,644	176,728
<b>Total Equity</b>		<b>320,778</b>	<b>292,887</b>

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

### Statement of Changes in Equity For the Year Ended 30 June 2019

2019	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		292,887	116,159	155,098	21,630
Surplus/(deficit) for the year		6,971	6,971	-	-
Net asset revaluation increment/(decrement)	6.1	20,920	-	20,920	-
Transfers to other reserves	9.1	-	(15,644)	-	15,644
Transfers from other reserves	9.1	-	14,648	-	(14,648)
<b>Balance at end of the financial year</b>		<b>320,778</b>	<b>122,134</b>	<b>176,018</b>	<b>22,626</b>

2018		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		289,952	112,300	155,913	21,739
Surplus/(deficit) for the year		3,750	3,750	-	-
Net asset revaluation increment/(decrement)	6.1	(815)	-	(815)	-
Transfers to other reserves	9.1	-	(17,003)	-	17,003
Transfers from other reserves	9.1	-	17,112	-	(17,112)
<b>Balance at end of the financial year</b>		<b>292,887</b>	<b>116,159</b>	<b>155,098</b>	<b>21,630</b>

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

**Statement of Cash Flows  
For the Year Ended 30 June 2019**

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		30,758	29,616
Statutory fees and fines		885	761
User fees		5,636	4,334
Grants - operating		16,714	11,038
Grants - capital		5,984	6,386
Contributions - monetary		180	325
Interest received		270	621
Trust funds and deposits taken/(paid)		410	(71)
Other receipts		731	493
Net GST refund/payment		1,684	(238)
Employee costs		(20,103)	(19,049)
Materials and services		(24,899)	(15,572)
Other payments		(1,729)	(1,237)
<b>Net cash provided by/(used in) operating activities</b>		<b>16,521</b>	<b>17,405</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(18,970)	(16,123)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	288	361
Payments for investments		(41,500)	(48,528)
Proceeds from sale of investments		58,918	52,500
<b>Net cash provided by/(used in) investing activities</b>		<b>(1,263)</b>	<b>(11,790)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(178)	(223)
Repayment of borrowings		(649)	(604)
<b>Net cash provided by/(used in) financing activities</b>		<b>(827)</b>	<b>(827)</b>
Net increase (decrease) in cash and cash equivalents		14,431	4,788
Cash and cash equivalents at the beginning of the financial year		6,093	1,304
<b>Cash and cash equivalents at the end of the financial year</b>		<b>20,524</b>	<b>6,093</b>
Restrictions on cash assets	5.1		
Financing arrangements	5.6		

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

**Statement of Capital Works  
For the Year Ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Property</b>			
Land		58	-
<b>Total land</b>		<b>58</b>	<b>-</b>
Buildings		1,098	1,266
<b>Total buildings</b>		<b>1,098</b>	<b>1,266</b>
<b>Total property</b>		<b>1,156</b>	<b>1,266</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		883	1,360
Fixtures, fittings and furniture		229	134
Computers and telecommunications		-	249
<b>Total plant and equipment</b>		<b>1,112</b>	<b>1,743</b>
<b>Infrastructure</b>			
Roads		9,643	6,207
Bridges		580	554
Footpaths and cycleways		2,107	3,404
Drainage		2,597	1,020
Other infrastructure		1,774	1,929
<b>Total infrastructure</b>		<b>16,702</b>	<b>13,114</b>
<b>Total capital works expenditure</b>	6.1	<b>18,970</b>	<b>16,123</b>
<b>Represented by:</b>			
New asset expenditure		2,986	2,909
Asset renewal expenditure		12,900	11,436
Asset upgrade expenditure		3,084	1,778
<b>Total capital works expenditure</b>		<b>18,970</b>	<b>16,123</b>

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

## OVERVIEW

### Introduction

The Colac Otway Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 2-6 Rae Street Colac Victoria 3250.

### Statement of compliance

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

### Significant accounting policies

#### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- other areas requiring judgements

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

#### (b) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

#### (c) Abbreviation

The letter 'k' has been used to represent thousands ('000's) and the letter 'm' has been used to represent millions ('000,000's).

**Note 1 Performance against budget**

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

**1.1. Income and expenditure**

	<b>Budget 2019 \$'000</b>	<b>Actual 2019 \$'000</b>	<b>Variance 2019 \$'000</b>	<b>Variance %</b>	<b>Ref</b>
<b>Income</b>					
Rates and charges	30,204	30,905	701	2	1
Statutory fees and charges	796	885	89	11	2
User fees and charges	4,654	5,167	512	11	3
Grants - Operating	7,101	16,719	9,618	135	4
Grants - Capital	1,835	5,984	4,149	226	5
Contributions - monetary	57	180	123	216	6
Contributions - non-monetary	-	457	457	100	7
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	147	202	55	38	8
Share of net profits/(losses) of associates and joint ventures	35	35	0	0	
Other income	593	1,037	444	75	9
<b>Total income</b>	<b>45,421</b>	<b>61,570</b>	<b>16,149</b>	<b>36</b>	
<b>Expenses</b>					
Employee costs	19,217	20,329	(1,112)	(6)	10
Materials and services	15,596	22,047	(6,451)	(41)	11
Bad and doubtful debts	2	47	(45)	(2,270)	12
Depreciation and amortisation	10,350	10,268	82	1	
Borrowing costs	181	178	3	2	
Other expenses	2,017	1,729	287	14	13
<b>Total expenses</b>	<b>47,363</b>	<b>54,599</b>	<b>(7,236)</b>	<b>(15)</b>	
<b>Surplus/(deficit) for the year</b>	<b>(1,942)</b>	<b>6,971</b>	<b>8,913</b>	<b>(459)</b>	

Note 1 Performance against budget

1.1. Income and expenditure (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Revenue in lieu of rates received from the Wind Farm was not budgeted. Revenue received from supplementary rates was also more than budget.
2	Statutory fees and charges	Statutory fees received were above budget due to town planning fees significantly exceeding budget (\$132k). The result was favourable despite revenue from infringements being below budget.
3	User fees and charges	This favourable variance is largely due to Leisure centre fees being above budget due to an increase in the operational hours of Bluewater. The user fees generated from Aged services were significantly above expectations due to an increase in the number of clients provided with Home Care Packages.
4	Grants - Operating	Funding was received for the Wye River and Separation Creek Flooding event which was not budgeted (\$3.96m). Unbudgeted funding was also received for the Port of Apollo Bay harbour dredging project (\$1.05m). The Victorian Grants Commission brought forward 50% of the 2019-20 grant allocation, which was not budgeted (\$3.66m).
5	Grants - Capital	Funding was received for the Bushfire Recovery at Wye River and Separation Creek Township, which had not been budgeted (\$1.7m). Funding was also received for capital works that will be completed in 2019-20, including State Grants to complete Forest St, Jacksons Track and Upper Gellibrand Road Bridges (\$396k), and Binns Road Design & Construction (\$883k).
6	Contributions - monetary	Monetary contribution that were received include a contribution from Irrewarra Redbacks Cricket Club (\$50k) for new clubrooms that was not budgeted.
7	Contributions - Non-monetary	Colac Otway received the following gifted assets from developers for subdivision works not budgeted for: - \$222k Roads - \$169k Drainage - \$ 67k Footpaths
8	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	This favourable variance relates to the timing of motor vehicle disposal and reflects selling prices exceeding the written-down value of the assets sold.
9	Other income	Additional interest on investment (\$75k) was received due to higher than expected cash balances. This was a result of major project funding carried forward to 2018-19 and Victorian Grants Commission funding received in advance. Insurance reimbursements were received in 2018-19 that were not budgeted for (\$143k).
10	Employee costs	Employee costs were higher than budgeted due to a range of factors. This includes a change in the discount rates applied to the leave provision, resulting in a large unfavourable impact to employee expenditure. Fully-funded staff completing Disaster Recovery work were not budgeted. Increased staff were required to deliver additional Home Care Packages, which results in increased employee costs, and an increase in user fees.
11	Materials and services	There were several Port of Apollo Bay projects expended during the year which had not been budgeted, including Port of Apollo Bay Lead Lights (\$249k) and the Barrum Replacement Project (\$271k). These projects were fully-funded. There was also expenditure on Major Projects carried forward from previous years that had not been included in the 2018-19 budget.
12	Bad and doubtful debts	There has been a movement in the Doubtful Debts Provision of \$44k, reflecting expected funds owing to Colac Otway Shire that are no longer expected to be recovered.

Note 1 Performance against budget

1.1. Income and expenditure (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
13	Other expenses	This favourable variance relates to the General Ledger rebuild, which has ensured more consistent classification in 2018-19. Port of Apollo Bay expenditure that was Budgeted as 'other expenditure', was more appropriately categorised as 'materials and services' (\$113k).

Note 1 Performance against budget  
1.2. Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
<b>Property</b>					
Land	-	58	58	100	1
Buildings	765	1,098	333	44	2
<b>Total property</b>	<b>765</b>	<b>1,156</b>	<b>391</b>	<b>51</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,865	883	(982)	(53)	3
Fixtures, fittings and furniture	160	229	70	44	4
Computers and telecommunications	585	-	(585)	(100)	5
<b>Total plant and equipment</b>	<b>2,610</b>	<b>1,112</b>	<b>(1,497)</b>	<b>(57)</b>	
<b>Infrastructure</b>					
Roads	5,556	9,643	4,087	74	6
Bridges	650	580	(70)	(10)	
Footpaths and cycleways	375	2,107	1,732	462	7
Drainage	400	2,597	2,197	549	8
Other infrastructure	746	1,774	1,028	138	9
<b>Total infrastructure</b>	<b>7,727</b>	<b>16,702</b>	<b>8,975</b>	<b>116</b>	
<b>Total capital works expenditure</b>	<b>11,102</b>	<b>18,970</b>	<b>7,868</b>	<b>71</b>	
<b>Represented by:</b>					
New asset expenditure	767	2,986	2,219	289	
Asset renewal expenditure	8,530	12,900	4,370	51	
Asset upgrade expenditure	1,805	3,084	1,279	71	
<b>Total capital works expenditure</b>	<b>11,102</b>	<b>18,970</b>	<b>7,868</b>	<b>71</b>	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Strategic acquisition of land adjacent to the Colac Airfield for future development.
2	Buildings	A number of unbudgeted works carried-forward from 2017-18 were completed during 2018-19. This includes the Irrewarra Netball Court Upgrades.
3	Plant, machinery and equipment	At the end of the financial year there were a number of outstanding orders which are due to be filled in the 2019-20 financial year.
4	Fixtures, fittings and furniture	This includes unbudgeted works completed in the 2018-19 year due to receiving unexpected grants, conditional on the completion of works. This includes the Wydinia Kindergarten playground project.
5	Computers and telecommunications	Strategic delay in the implementation of the ICT Strategy along with a number of items not meeting the capitalisation threshold, which were expensed as materials and services.
6	Roads	Completion of a number of projects carried-forward from the 2017-18 financial year are included within this figure. These projects include Queen Street Widening and Conns lane.
7	Footpaths and cycleways	Completion of a number of projects carried-forward from the 2017-18 financial year are included within this figure. These projects include Queen Street Widening and Lake Colac Foreshore Masterplan Implementation.
8	Drainage	The overspend is related to the Wye River and Separation Creek reticulated drainage works. These works were unbudgeted in 2018-19, however they are funded by the State and Federal Government.
9	Other infrastructure	The overspend is related to Flood Recovery works completed in the 2018-19 year. These works include a large amount of retaining wall works across the shire. These works are funded by the State and Federal Government.

**Note 2 Analysis of Council**

**Note 2.1. Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

**(a) Chief Executive**

Chief Executive provides efficient, effective and proactive support services to include the Mayor and Councillors. Chief Executive provides effective governance oversight of the organisation. Service areas include governance, enterprise risk and legal services.

**Corporate Services**

Corporate Services Management provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement, strategy and program delivery and program integration and development. Human resource management provides support to the organisation and ensures councils customer focus includes communication and community engagement processes.

**Development and Community Services**

Development and Community Services Management provides high quality community focused programs, service delivery and communication to residents. Development and Community Services Management is comprised of community care, connected communities, family services and health communities. The planning services area includes the assessment of town development, health and local laws, planning strategy and urban growth. Economic Development supports local festivals and events and advocates on behalf of the community for major events, tourism and cultural opportunities.

**Infrastructure and Leisure Services**

Infrastructure and Leisure Services Management is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, waste, parks and gardens, emergency management and municipal resources. Infrastructure and Leisure Services Management is responsible for arts and culture, Port of Apollo Bay, leisure management and services and operations of council assets.

**(b) Summary of revenues, expenses, assets and capital expenses by program**

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>					
Chief Executive	1	1,514	(1,512)	-	1,099
Corporate Services Management	40,795	21,713	19,081	11,375	6,453
Development and Community Services Management	6,524	11,631	(5,108)	2,704	12,807
Infrastructure and Leisure Services Management	14,251	19,741	(5,491)	8,623	296,551
	61,570	54,599	6,971	22,702	316,910
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>					
Chief Executive	19	1,726	(1,707)	-	1,146
Corporate Services Management	33,526	2,020	31,506	9,638	6,203
Development and Community Services Management	6,557	11,690	(5,133)	2,208	13,284
Infrastructure and Leisure Services Management	13,753	34,669	(20,916)	4,203	266,281
	53,855	50,105	3,750	16,049	286,913

<b>Note 3 Funding for the delivery of our services</b>	<b>2019</b>	<b>2018</b>
<b>3.1. Rates and charges</b>	<b>\$'000</b>	<b>\$'000</b>

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its value of the land plus buildings and other improvements.

The valuation base used to calculate general rates for 2018/19 was \$6,195 million (2017/18 \$5,801 million).

General rates residential	15,750	14,986
General rates farm / rural	5,617	5,737
General rates commercial / industrial	3,259	3,199
Municipal charge	2,730	2,653
Garbage charge	3,147	2,932
Interest on rates and charges	162	146
Special rates and charges	22	-
Revenue in lieu of rates	217	-
<b>Total rates and charges</b>	<b>30,905</b>	<b>29,654</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation will be first applied in the rating year commencing 1 July 2019.

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

### 3.2. Statutory fees and fines

Town planning fees	466	334
Health regulations	171	168
Building permits	103	103
Infringements and costs	94	186
Land information certificates	31	-
Special Charge schemes	19	-
Freedom of information	1	1
Engineering fees	-	4
<b>Total statutory fees and fines</b>	<b>885</b>	<b>795</b>

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

### 3.3. User fees

Aged services fees	1,618	1,329
Leisure centre fees	1,357	1,056
Colac livestock selling centre fees	488	455
Colac Otway performing arts & cultural centre fees	394	493
Visitor information centre fees	300	364
Parking, animal control and local laws fees	287	259
Council properties fees and rental	211	64
Waste disposal fees	198	174
Apollo bay harbour fees	118	109
Child care children's programs	93	40
Town planning and building services fees	64	36
Other fees and charges	38	156
<b>Total user fees</b>	<b>5,167</b>	<b>4,535</b>

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

Note 3 Funding for the delivery of our services	2019	2018
3.4. Funding from other levels of government	\$'000	\$'000
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	10,157	12,037
State funded grants	12,545	4,012
<b>Total grants received</b>	<b>22,702</b>	<b>16,049</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grant - untied base grant	4,939	3,784
Financial Assistance Grant - local roads	2,154	2,478
Aged and disability services	91	56
Family and community services	493	338
Diesel rebate scheme	178	37
Public Health	2	
<b>Recurrent - State Government</b>		
Port management	1,060	-
Aged and disability services	1,271	1,220
Maternal and child health	417	258
Recreation and culture	105	125
Environment and protection services	65	75
School crossing supervisors	54	66
Public Health	24	6
Family and community services	15	10
<b>Total recurrent operating grants</b>	<b>10,868</b>	<b>8,453</b>
<b>Non-recurrent - Commonwealth Government</b>		
Environment and protection services	200	-
<b>Non-recurrent - State Government</b>		
Disaster recovery	3,998	1,013
Environment	61	-
Recreation and culture	50	-
Strategic Planning	104	-
Port management	1,427	20
Economic Development	11	
Aged and disability services	-	178
<b>Total non-recurrent operating grants</b>	<b>5,851</b>	<b>1,211</b>
<b>Total operating grants</b>	<b>16,719</b>	<b>9,663</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	1,954	4,774
<b>Total recurrent capital grants</b>	<b>1,954</b>	<b>4,774</b>
<b>Non-recurrent - Commonwealth Government</b>		
Recreation and culture	146	-
Bluewater leisure centre building upgrade	-	571
<b>Non-recurrent - State Government</b>		
Disaster recovery	1,742	-
Recreation and culture	743	155
Port management	-	532
Roads	1,112	-
Family and community services	286	354
<b>Total non-recurrent capital grants</b>	<b>4,030</b>	<b>1,612</b>
<b>Total capital grants</b>	<b>5,984</b>	<b>6,386</b>

<b>Note 3 Funding for the delivery of our services</b>	<b>2019</b>	<b>2018</b>
<b>3.4. Funding from other levels of government (cont'd)</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	3,705	918
Received during the financial year and remained unspent at balance date	2,447	3,700
Received in prior years and spent during the financial year	(3,470)	(914)
Balance at year end	<u>2,682</u>	<u>3,705</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

### 3.5. Contributions

Monetary	180	325
Non-monetary	457	1,598
<b>Total contributions</b>	<u>637</u>	<u>1,923</u>

*Contributions of non monetary assets were received in relation to the following asset classes.*

Drainage	169	710
Roads	222	302
Retaining Structures	-	273
Kerb and Channel	-	233
Footpath	67	81
<b>Total non-monetary contributions</b>	<u>457</u>	<u>1,598</u>

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

### 3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	288	361
Written down value of assets disposed	(86)	(448)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>202</u>	<u>(87)</u>

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

### 3.7. Other income

Other income	413	214
Reimbursements	305	259
Interest	306	475
Rates Legal Costs Recovered	8	-
Colac Otway performing arts & cultural centre fees	4	-
Scheme Interest Received	1	-
Licensing fees	-	19
<b>Total other income</b>	<u>1,037</u>	<u>968</u>

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services	2019	2018
4.1. (a) Employee costs	\$'000	\$'000
Wages and salaries	14,330	13,210
Employee leave	2,154	1,888
Superannuation	1,664	1,541
Casual staff	1,204	1,119
Sick leave	567	513
Other employee benefits	102	319
Fringe benefits tax	146	149
WorkCover	161	171
<b>Total employee costs</b>	<b>20,329</b>	<b>18,910</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

101	120
<u>101</u>	<u>120</u>

Employer contributions payable at reporting date.

-	-
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**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

911	849
Employer contributions - other funds	652
<u>1,563</u>	<u>1,421</u>

Employer contributions payable at reporting date.

152	139
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Refer to note 9.3 for further information relating to Council's superannuation obligations.

**4.2. Materials and services**

Contract Payments	10,553	8,458
Materials	4,900	2,762
Subscriptions and memberships	1,315	1,073
Agency staff	1,067	855
Plant and equipment maintenance	1,065	979
Consultants	963	1,643
Utilities	906	1,119
Legal costs	520	345
Insurances	388	363
Training costs	301	243
Hire costs	60	152
Other	10	
Permits	1	5
<b>Total materials and services</b>	<b>22,047</b>	<b>17,998</b>

Note 4 The cost of delivering services	2019	2018
4.3. Depreciation and amortisation	\$'000	\$'000
Infrastructure	7,554	6,912
Plant and equipment	1,394	1,682
Property	1,318	1,303
<b>Total depreciation</b>	<b>10,266</b>	<b>9,897</b>
Intangible assets	2	9
<b>Total depreciation and amortisation</b>	<b>10,268</b>	<b>9,905</b>

Refer to note 5.2( c ) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

#### 4.4. Bad and doubtful debts

Other debtors	47	3
<b>Total bad and doubtful debts</b>	<b>47</b>	<b>3</b>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	8	10
New provisions recognised during the year	44	8
Amounts already provided for and written off as uncollectible	(8)	(10)
Amounts provided for but recovered during the year	-	-
<b>Balance at end of year</b>	<b>44</b>	<b>8</b>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

#### 4.5. Borrowing costs

Interest - Borrowings	178	223
<b>Total borrowing costs</b>	<b>178</b>	<b>223</b>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

#### 4.6. Other expenses

Community grants and donations	588	512
Waste management*	537	2,013
Councillors' allowances	253	257
Other	192	98
Fire services levy	58	63
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	46	51
Rates and charges written off	26	37
Animal registration levy	19	17
Royalties and commissions	10	17
<b>Total other expenses</b>	<b>1,729</b>	<b>3,066</b>

\*Waste management expense includes changes to the landfill provision. This landfill provision increased by \$1.83m in 2017-18 and increased \$229k in 2018-19.

Note 5 Our financial position	2019	2018
5.1. Financial assets	\$'000	\$'000
<b>(a) Cash and cash equivalents</b>		
Cash on hand	5	5
Cash at bank	5,319	87
Term deposits	15,200	6,000
<b>Total cash and cash equivalents</b>	<b>20,524</b>	<b>6,093</b>
<b>(b) Other financial assets</b>		
Term deposits - current	-	17,419
<b>Total other financial assets</b>	<b>-</b>	<b>17,419</b>
<b>Total financial assets</b>	<b>20,524</b>	<b>23,512</b>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits	802	391
- Statutory reserves	768	725
- Conditional grants unspent (Excludes Port of Apollo Bay)	1,083	3,705
- Port of Apollo Bay reserve cash held	2,022	1,173
- Disaster recovery reserve	2,155	1,789
<b>Total restricted funds</b>	<b>6,830</b>	<b>7,783</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>13,695</b>	<b>15,728</b>

**Intended allocations**

Although not externally restricted the following amounts have been allocated for specific future purposes by

- Other reserve funds allocated for specific future purposes .	14,310	13,974
- Carried forward capital works committed.	3,485	2,611
<b>Total funds subject to intended allocations</b>	<b>17,795</b>	<b>16,585</b>

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

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

Note 5 Our financial position	2019	2018
5.1. Financial assets (cont'd)	\$'000	\$'000
(c) Trade and other receivables		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates Debtor	1,691	1,221
Government operating grants	763	590
Net GST receivable	268	577
Special rate assesment	40	40
Parking infringement debtor	52	34
Other infringements	117	104
Other debtors	418	623
Provision for doubtful debts - other debtors	(44)	(8)
Total current trade and other receivables	<u>3,304</u>	<u>3,181</u>
<b>Total trade and other receivables</b>	<b><u>3,304</u></b>	<b><u>3,181</u></b>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

**(d) Ageing of Receivables**

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	242	479
Past due by up to 30 days	69	32
Past due between 31 and 180 days	26	9
Past due between 181 and 365 days	28	13
Past due by more than 1 year	8	74
Total trade and other receivables	<u>374</u>	<u>607</u>

**(e) Ageing of individually impaired Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$17,418 (2018: \$8,170) were impaired. The amount of the provision raised against these debtors was \$17,418 (2018: \$8,170). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	-	-
Past due by up to 30 days	-	0
Past due between 31 and 180 days	7	2
Past due between 181 and 365 days	5	4
Past due by more than 1 year	32	1
Total trade & other receivables	<u>44</u>	<u>7</u>

**Note 5 Our financial position**

**5.2. Non-financial assets**

	2019	2018
(a) Inventories	\$'000	\$'000
Inventories held for distribution	17	8
Inventories held for sale	132	142
<b>Total inventories</b>	<b>149</b>	<b>151</b>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(b) Other assets**

Prepayments	239	255
Accrued income	192	104
Other	-	8
<b>Total other assets</b>	<b>431</b>	<b>367</b>

**(c) Intangible assets**

Software	-	2
Total intangible assets	-	2
	<b>Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>

**Gross carrying amount**

Balance at 1 July 2018	2	2
Other additions	-	-
Balance at 30 June 2019	2	2

**Accumulated amortisation and impairment**

Balance at 1 July 2018	-	-
Amortisation expense	(2)	(2)
Balance at 30 June 2019	(2)	(2)

Net book value at 30 June 2018	2	2
Net book value at 30 June 2019	-	-

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

**5.3. Payables**

	2019	2018
(a) Trade and other payables	\$'000	\$'000
Trade payables	2,723	3,603
Accrued expenses	1,178	1,178
<b>Total trade and other payables</b>	<b>3,900</b>	<b>4,781</b>

**(b) Trust funds and deposits**

Refundable deposits	440	283
Fire services levy	307	71
Retention amounts	55	37
<b>Total trust funds and deposits</b>	<b>802</b>	<b>392</b>

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

*Purpose and nature of items*

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

**Note 5 Our financial position**

5.4. Interest-bearing liabilities	2019	2018
	\$'000	\$'000
<b>Current</b>		
Borrowings - secured	1,697	649
	<b>1,697</b>	<b>649</b>
<b>Non-current</b>		
Borrowings - secured	1,024	2,721
	<b>1,024</b>	<b>2,721</b>
<b>Total</b>	<b>2,721</b>	<b>3,370</b>

Borrowings are secured by council rates and charges

(a) The maturity profile for Council's borrowings is:

Not later than one year	1,697	649
Later than one year and not later than five years	1,024	2,721
Later than five years	-	-
	<b>2,721</b>	<b>3,370</b>

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

**5.5. Provisions**

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
<b>2019</b>			
Balance at beginning of the financial year	4,015	9,036	13,051
Additional provisions	1,696	-	1,696
Amounts used	(1,470)	(147)	(1,617)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	377	377
Balance at the end of the financial year	<b>4,241</b>	<b>9,265</b>	<b>13,507</b>
<b>2018</b>			
Balance at beginning of the financial year	4,155	7,206	11,361
Additional provisions	1,407	1,830	3,237
Amounts used	(1,547)	-	(1,547)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-
Balance at the end of the financial year	<b>4,015</b>	<b>9,036</b>	<b>13,051</b>

	2019	2018
	\$'000	\$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	1,146	1,118
Long service leave	202	210
Time in lieu	99	83
	<b>1,447</b>	<b>1,411</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	246	182
Long service leave	2,309	2,209
	<b>2,555</b>	<b>2,391</b>
Total current employee provisions	<b>4,002</b>	<b>3,802</b>
<b>Non-current</b>		
Long service leave	239	213
Total non-current employee provisions	<b>239</b>	<b>213</b>
Aggregate carrying amount of employee provisions:		
Current	4,002	3,802
Non-current	239	213
Total aggregate carrying amount of employee provisions	<b>4,241</b>	<b>4,015</b>

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

**Note 5 Our financial position**

**5.5. Provisions (cont'd)**

**(a) Employee provisions**

*Wages and salaries and annual leave*

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

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

*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability.

Key assumptions:

- discount rate	1.04%	1.54%
- index rate	1.75%	1.75%

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Landfill restoration</b>		
Current	1,537	1,061
Non-current	7,728	7,975
	<b>9,265</b>	<b>9,036</b>

Council is obligated to restore various landfill sites to a particular standard. The forecast life of the sites are based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

- discount rate	1.46%	2.51%
- index rate	2.00%	2.20%

**5.6. Financing arrangements**

The Council has the following funding arrangements in place as at 30 June 2019.

Business Card Facility (balance cleared monthly)	50	50
Total facilities	50	50
Used facilities	-	-
Unused facilities	50	50

**Note 5 Our financial position**

**5.7. Commitments**

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2019	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	later than 2	later than 5	Later than 5	\$'000
		years	years	years	
<b>Operating</b>					
Garbage collection	3,034	759	-	-	3,793
Consultancies	61	61	-	-	122
Street Lighting	600	-	-	-	600
Information Technology	52	-	-	-	52
<b>Total</b>	<b>3,748</b>	<b>820</b>	<b>-</b>	<b>-</b>	<b>4,567</b>
<b>Capital</b>					
Civil Works	2,293	1,617	1,350	-	5,260
Plant and Equipment	250	250	250	-	750
<b>Total</b>	<b>2,543</b>	<b>1,867</b>	<b>1,600</b>	<b>-</b>	<b>6,010</b>

2018	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	later than 2	later than 5	Later than 5	\$'000
		years	years	years	
<b>Operating</b>					
Consultancies	41	-	-	-	41
Garbage collection	2,258	2,258	565	-	5,081
Street lighting	600	600	-	-	1,200
Information technology	133	61	-	-	194
<b>Total</b>	<b>3,032</b>	<b>2,919</b>	<b>565</b>	<b>-</b>	<b>6,516</b>
<b>Capital</b>					
Civil works	6,316	-	-	-	6,316
<b>Total</b>	<b>6,316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,316</b>

	2019	2018
	\$'000	\$'000
<b>Operating lease commitments</b>		

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	-	16
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>-</b>	<b>16</b>

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Note 6 Assets we manage

6.1. Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	69,255	954	-	-	(1,318)	(3)	-	268	69,156
Plant and equipment	6,637	1,020	-	-	(1,394)	(81)	-	-	6,183
Infrastructure	205,802	9,788	457	20,920	(7,554)	-	-	2,251	231,664
Work in progress	5,217	7,208	-	-	-	-	-	(2,519)	9,907
	286,913	18,970	457	20,920	(10,266)	(84)	-	-	316,910

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	443	202	-	(268)	377
Plant and equipment	171	91	-	-	262
Infrastructure	4,604	6,915	-	(2,251)	9,268
Total	5,217	7,208	-	(2,519)	9,907

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land & Land Improvements	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	3,304	21,786	224	25,314	71,115	16,153	87,267	443	113,025
Accumulated depreciation at 1 July 2018	-	-	-	-	(36,744)	(6,583)	(43,327)	-	(43,327)
	3,304	21,786	224	25,314	34,371	9,570	43,940	443	69,698

Movements in fair value

Additions	58	-	-	58	639	257	896	202	1,156
Revaluation	-	-	-	-	-	-	-	-	-
Disposal	-	(3)	-	(3)	-	-	-	-	(3)
Transfers	-	-	-	-	235	33	268	(268)	-
	58	(3)	-	55	874	290	1,164	(66)	1,153

Movements in accumulated depreciation

Depreciation and amortisation	-	-	-	-	(1,089)	(228)	(1,318)	-	(1,318)
	-	-	-	-	(1,089)	(228)	(1,318)	-	(1,318)

At fair value 30 June 2019

	3,362	21,784	224	25,369	71,989	16,443	88,432	377	114,178
Accumulated depreciation at 30 June 2019	-	-	-	-	(37,834)	(6,811)	(44,645)	-	(44,645)
	3,362	21,784	224	25,369	34,156	9,631	43,787	377	69,533

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	9,584	9,780	1,350	171	20,885
Accumulated depreciation at 1 July 2018	(5,401)	(7,600)	(1,076)	-	(14,077)
	4,183	2,180	274	171	6,808

Movements in fair value

Additions	883	137	-	91	1,112
Disposal	(506)	-	-	-	(506)
Transfers	-	-	-	-	-
	377	137	-	91	606

Movements in accumulated depreciation

Depreciation and amortisation	(914)	(352)	(128)	-	(1,394)
Accumulated depreciation of disposals	425	-	-	-	425
	(489)	(352)	(128)	-	(969)

At fair value 30 June 2019

	9,961	9,917	1,350	262	21,490
Accumulated depreciation at 30 June 2019	(5,890)	(7,952)	(1,204)	-	(15,046)
	4,072	1,965	146	262	6,445

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	222,300	16,591	25,552	41,540	6,141	4,604	316,727
Accumulated depreciation at 1 July 2018	(74,645)	(3,351)	(7,903)	(18,599)	(1,824)	-	(106,323)
	147,655	13,240	17,649	22,941	4,318	4,604	210,405

Movements in fair value

Additions	5,153	580	2,107	189	1,758	6,915	16,703
Contributions	222	-	67	169	-	-	457
Revaluation	26,298	-	-	-	-	-	26,298
Transfers	2,146	38	-	61	6	(2,251)	-
	33,819	618	2,174	419	1,763	4,664	43,459

Movements in accumulated depreciation

Depreciation and amortisation	(5,625)	(388)	(618)	(506)	(417)	-	(7,554)
Revaluation	(5,378)	-	-	-	-	-	(5,378)
	(11,003)	(388)	(618)	(506)	(417)	-	(12,932)

At fair value 30 June 2019

	256,119	17,210	27,726	41,959	7,904	9,268	360,187
Accumulated depreciation at 30 June 2019	(85,648)	(3,739)	(8,522)	(19,105)	(2,241)	-	(119,255)
	170,471	13,471	19,205	22,854	5,663	9,268	240,932

**Note 6 Assets we manage**

**6.1. Property, infrastructure, plant and equipment (cont'd)**

*Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

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

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

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

**Note 6 Assets we manage**

**6.1. Property, infrastructure, plant and equipment (cont'd)**

**Land under roads**

Council recognises land under roads it controls at fair value.

**Depreciation and amortisation**

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

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

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

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

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

**Repairs and maintenance**

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

**Valuation of land and buildings**

Valuation of land and buildings were undertaken 2017-2018 by a qualified independent valuer Mr Les Speed – Certified Practising Valuer – API Member No. 623379 of Preston Paterson Rowe. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level2	Level 3
Land	-	21,784	-
Specialised land	-	-	3,362
Buildings	-	9,631	34,156
Total	-	31,415	37,517

**Note 6 Assets we manage**

**6.1. Property, infrastructure, plant and equipment (cont'd)**

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with an internal valuation undertaken by Jeremy Rudd (B.Eng).

An index based revaluation was conducted in the current year, this valuation was based on the Construction Price Index, a full revaluation of these assets will be conducted in 2019/20.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level2	Level 3
Roads	-	-	170,471
Bridges	-	-	13,471
Footpaths and cycleways	-	-	19,205
Drainage	-	-	22,854
Other infrastructure	-	-	5,663
Total	-	-	231,664

**Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$270 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$2,250 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019 \$'000	2018 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	224	224
Parks and reserves	3,362	3,304
<b>Total specialised land</b>	<b>3,586</b>	<b>3,528</b>

<b>Note 6 Assets we manage</b>	<b>2019</b>	<b>2018</b>
<b>6.2. Investments in associates, joint arrangements and subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>

**(a) Investments in associates**

Investments in associates accounted for by the equity method are:

- Corangamite Regional Library Corporation
- Colac Community Library and Learning Centre

**Corangamite Regional Library Corporation**

*Background*

The Corangamite Regional Library Corporation is a corporation owned by four (4) councils: Colac Otway Shire, Corangamite Shire, Moyne Shire and Warrnambool City. Colac Otway Shire has a 24.05% equity interest in 2018/2019 (2017/2018 24.13%).

**Fair value of Council's investment in Corangamite Regional Library Corporation**

-	-
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**Council's share of accumulated surplus/(deficit)**

Council's share of accumulated surplus(deficit) at start of year	293	287
Reported surplus(deficit) for year	34	16
Transfers (to) from reserves	46	(10)
Council's share of accumulated surplus(deficit) at end of year	<u>374</u>	<u>293</u>

**Council's share of reserves**

Council's share of reserves at start of year	61	51
Transfers (to) from reserves	(46)	10
Council's share of reserves at end of year (based on population)	<u>15</u>	<u>61</u>

**Movement in carrying value of specific investment**

Carrying value of investment at start of year	355	338
Share of surplus(deficit) for year	34	16
Share of asset revaluation	-	-
Change in equity share due to population change	1	1
Carrying value of investment at end of year	<u>390</u>	<u>355</u>

**Significant restrictions**

The associate is not required to repay dividends, loans or advances to Council.

**(b) Investments in joint ventures**

**Colac Community Library and Learning Centre**

*Background*

The Colac Community Library and Learning Centre is a joint venture between the Colac Otway Shire and Victorian Department of Education and Early Childhood Development and the Colac Secondary College, which results in Colac Otway Shire legally owning 50% of the assets.

The venture's purpose is to construct and operate a joint use library facility.

Council's commitment to the venture is limited to providing a contribution to the construction and fitout costs. Council's share is 50% of costs.

Council accounts for its interests in the joint venture by applying the proportionate consolidation method and by combining Council's share of each of the assets, liabilities, incomes and expenses of the jointly controlled entity with similar items line by line in council's financial statements.

**Council's share of accumulated surplus/(deficit)**

Council is not entitled to a share of any accumulated surplus or deficit.

**Council's share of reserves**

Council is not entitled to a share of any reserves

**Movement in carrying value of specific investment**

Carrying value of investment at start of year	2,880	2,628
Change in asset revaluation	-	288
Write back of annual depreciation	(40)	(36)
Carrying value of investment at end of year	<u>2,840</u>	<u>2,880</u>

**Council's share of expenditure commitments**

Council is not exposed to any further expenditure commitments.

**Council's share of contingent liabilities and contingent assets**

There are no known contingencies outstanding as at 30 June 2019.

**Significant restrictions**

The joint venture is not required to repay dividends, loans or advances to Council.

	2019	2018
	No.	No.
<b>Note 7 People and relationships</b>		
<b>7.1. Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Parent entity</i>		
Colac Otway Shire Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.2.		
<b>(b) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Councillor Chris Potter		
Councillor Terry Woodcroft		
Councillor Stephen Hart		
Councillor Chris Smith		
Councillor Brian Crook		
Councillor Kate Hanson		
Councillor Joe McCracken (Mayor 01/07/18 to 14/11/18)		
Councillor Jason Schram (Mayor 15/11/18 to 30/06/19)		
<b>Chief Executive Officer and other Key Management Personnel</b>		
Chief Executive		
General Manager Coprorate Services		
General Manager Infrastructure and Leisure Services		
General Manager Development & Community Services (position filled by two Officers in 2018-19)		
<b>Total Number of Councillors</b>	8	7
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	5	5
<b>Total Number of Key Management Personnel</b>	<u>13</u>	<u>12</u>
<b>(c) Remuneration of Key Management Personnel</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,039	966
Long-term benefits	142	93
Termination benefits	-	16
<b>Total</b>	<u>1,181</u>	<u>1,075</u>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	1	-
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	2	2
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	1
\$70,000 - \$79,999	1	1
\$160,000 - \$169,999	-	1
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	2	2
\$240,000 - \$249,999	1	-
	<u>13</u>	<u>12</u>
<b>(d) Senior Officer Remuneration</b>		
A Senior Officer is an officer of Council, other than Key Management Personnel, who:		
a) has management responsibilities and reports directly to the Chief Executive; or		
b) whose total annual remuneration exceeds \$148,000		
The number of Senior Officers are shown below in their relevant income bands:		
	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Income Range:		
\$140,000 - \$149,999	1	3
\$150,000 - \$159,999	2	1
\$160,000 - \$169,999	1	-
	<u>4</u>	<u>4</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	<b>634</b>	<b>606</b>

Note 7 People and relationships	2019	2018
7.2. Related party disclosure	\$'000	\$'000

**(a) Transactions with related parties**

During the period Council entered into the following transactions with related parties.

Employee benefit	22	41
Materials & Services	19	91
Other Expenses	4	-

The following is the aggregate amount of transactions with **Investments in associates**.

Payments made to Corangamite Regional Library Corporation	709	695
Payments received from Corangamite Regional Library	28	76

**(b) Outstanding balances with related parties**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

Accounts Receivable	-	-
Accounts Payable	1	30

**(c) Loans to/from related parties**

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to any related parties.

**(d) Commitments to/from related parties**

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party.

## Note 8 Managing uncertainties

### 8.1. Contingent assets and liabilities

#### (a) Contingent assets

Council has a number of funding sources that are contingent on the completion of an acquittal report early in the 2019/20 financial year resulting in revenue being recognised, and cash received, in 2019/20, rather than 2018/19.

#### (b) Contingent liabilities

##### Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

##### Financial Assurances

Council is obligated under Section 194 (2A) and 21 of the Environment Protection Act 1970 to provide financial assurance for any remedial action, rehabilitation and site aftercare costs in relation to the Alvie tip site. The purpose of this provision is to ensure that Council does not impose any undue burden on Council's ratepayers to address any of these costs during the operation or after the closure of its operating landfill sites. The amount of the financial assurance provided to the Environment Protection Authority (EPA) is \$322,500.

##### Legal matters

Council has identified a potential liability (or the probability of a material expense arising) as a result of a workplace death during the course of the 2016-2017 financial year. As at balance date an amount and timing of any potential expense is not known.

#### (c) Guarantees for loans to other entities

Council has no guarantees in place for loans to other entities.

### 8.2. Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

#### *Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)*

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

#### *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)*

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

#### *Leases (AASB 16) (applies 2019/20)*

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of zero in lease related assets and an equivalent liability.

#### *Income of Not-for-Profit Entities (AASB 1058 )*

This standard is expected to apply to certain transactions currently accounted for under AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

**Note 8 Managing uncertainties**

**8.3. Financial instruments**

**(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

**(c) Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
  - council may require collateral where appropriate; and
  - council only invest surplus funds with financial institutions which have a recognised credit rating specified in
- Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

**Note 8 Managing uncertainties**

**8.3. Financial instruments (cont'd)**

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**(e) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 0.75% and -0.75% in market interest rates (AUD) from year-end rates of 1.63%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

**8.4. Fair value measurement**

*Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

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

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

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

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

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

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

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

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

*Impairment of assets*

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

**Note 8 Managing uncertainties**

**8.4. Fair value measurement (cont'd)**

*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

**8.5. Events occurring after balance date**

The legal matter disclosed in 8.1 (b) has since been resolved in favour of Council.

**Note 9 Other matters**

**9.1. Reserves**

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset revaluation reserves</b>			
<b>2019</b>			
<b>Property</b>			
Land	16,529	-	16,529
Buildings	8,570	-	8,570
	25,099	-	25,099
<b>Plant and Equipment</b>			
Fixed plant, furniture and equipment	293	-	293
	293	-	293
<b>Infrastructure</b>			
Roads	88,521	20,920	109,441
Bridges	7,914	-	7,914
Footpaths and cycleways	7,312	-	7,312
Kerb and channelling	11,619	-	11,619
Drainage	14,341	-	14,341
	129,706	20,920	150,626
<b>Total asset revaluation reserves</b>	<b>155,098</b>	<b>20,920</b>	<b>176,018</b>
<b>2018</b>			
<b>Property</b>			
Land	15,775	753	16,529
Buildings	8,783	(213)	8,570
	24,558	540	25,099
<b>Plant and Equipment</b>			
Fixed plant, furniture and equipment	293	-	293
	293	-	293
<b>Infrastructure</b>			
Roads	88,521	-	88,521
Bridges	9,270	(1,356)	7,914
Footpaths and cycleways	7,312	-	7,312
Kerb and channelling	11,619	-	11,619
Drainage	14,341	-	14,341
	131,061	(1,356)	129,706
<b>Total asset revaluation reserves</b>	<b>155,913</b>	<b>(815)</b>	<b>155,098</b>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Note 9 Other matters

9.1. Reserves (cont'd)

(b) Other reserves

2019

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Carried Forward Projects	3,970	-	(598)	3,372
Port of Apollo Bay	1,173	2,690	(1,842)	2,022
Kerbside bin replacement	1,778	3,156	(2,929)	2,004
Long Service Leave reserve	2,631	2,750	(2,809)	2,572
Landfill rehabilitation (Alvie)	866	57	-	923
Recreational lands	725	43	-	768
Colac livestock selling centre	124	488	(586)	26
Rehabilitation reserve	646	143	-	789
Plant replacement	2,082	1,783	(1,424)	2,441
Tirrengower Drainage Scheme	11	22	(23)	11
Local Government Financial Vehicle				
Sinking Funds	1,004	100	(104)	1,000
Unallocated Surplus Reserve	934	-	(934)	-
Contingent Liability Reserve	500	-	-	500
Strategic Projects Reserve	200	382	(200)	382
Financial Assistance Grants received in advance	3,199	3,663	(3,199)	3,663
Disaster Recovery Reserve	1,789	366	-	2,155
<b>Total Other reserves</b>	<b>21,630</b>	<b>15,644</b>	<b>(14,648)</b>	<b>22,627</b>

2018

Carried Forward Projects	3,076	1,830	(936)	3,970
Port of Apollo Bay	1,611	863	(1,301)	1,173
Kerbside bin replacement	1,538	3,008	(2,767)	1,778
Long Service Leave reserve	1,999	5,984	(5,352)	2,631
Landfill rehabilitation (Alvie)	809	57	-	866
Recreational lands	694	61	(30)	725
Colac livestock selling centre	246	475	(596)	124
Rehabilitation reserve	503	143	-	646
Plant replacement	2,399	2,656	(2,973)	2,082
Tirrengower Drainage Scheme	33	-	(21)	11
Local Government Financial Vehicle				
Sinking Funds	904	100	-	1,004
Unallocated Surplus Reserve	177	757	-	934
Contingent Liability Reserve	500	-	-	500
Strategic Projects Reserve	200	-	-	200
Financial Assistance Grants received in advance	3,114	85	-	3,199
Disaster Recovery Reserve	3,938	984	(3,133)	1,789
<b>Total Other reserves</b>	<b>21,740</b>	<b>17,003</b>	<b>(17,112)</b>	<b>21,630</b>

**Note 9 Other matters**

**9.1. Reserves (cont'd)**

**Purposes for Reserves**

**Carried forward projects reserve**

This reserve is to recognise the funds allocated and received in prior financial periods that are committed to unfinished projects. This includes grants received in advance for specific projects and funds allocated from prior financial years for projects that are still incomplete at the end of the current financial year.

**Port of Apollo Bay reserve**

These funds are bound by an agreement with the Department of Transport concerning the operations of the Port of Apollo Bay and are the value of cash assets owed.

**Kerbside bin replacement reserve**

This reserve was set up as a source of funding the replacement of kerbside bins. All funds in this reserve are collected from the waste collection service charge and are to be used only in connection with the waste collection service.

**Long service leave reserve**

The purpose of this reserve is to ensure that the nominal long service leave balances owing to employees are maintained.

**Landfill rehabilitation (Alvie) reserve**

This reserve relates to the funds required to restore the Alvie Tip. The rehabilitation reserve will continue to grow until the Tip closes, at which time, the funds will be utilised to meet this obligation.

**Recreational lands reserve**

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

**Colac livestock selling centre reserve**

This reserve is for the purpose of funding works at the Colac Livestock Selling Centre and all funds are derived from any surplus made from the operations of the Colac Livestock Selling Centre.

**Rehabilitation reserve**

This reserve is to fund the rehabilitation of the various waste disposal sites across the Colac Otway Shire.

**Plant replacement reserve**

This reserve is to fund the replacement of council's plant at the end of their useful lives. Inflows to the reserve accrue out of any plant operating surplus with the funds then being used for the changeover of plant.

**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.

**Local Government Financing Vehicle Sinking Fund**

This reserve has been established to set aside monies to fund the repayment of the Local government Financing Vehicle (LGFV) bonds as the bonds come due for payment.

**Unallocated Surplus reserve**

These funds are the funds that remain unallocated at the end of the financial year to support the delivery of the services and activities as determined through Long Term Financial Planning.

**Contingent liability reserve**

This reserve allows for the payment of a potential obligation that may be incurred depending on the outcome a future event.

**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.

**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.

**Disaster Recovery reserve**

The purpose of this reserve is to set aside funds received in advance for use in the recovery of Disaster events. The reserve may only be used in accordance with the terms of the disaster relief funding agreements.

Note 9 Other matters	2019	2018
9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	6,971	3,750
Depreciation/amortisation	10,268	9,905
Finance costs	178	223
Share of result of associate	(35)	(17)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(202)	87
Contributions - non monetary assets	(457)	(1,598)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(115)	1,028
(Increase)/decrease in prepayments	16	(157)
(Increase)/decrease in accrued income	(88)	(16)
(Decrease)/increase in trade and other payables	(881)	2,534
(Decrease)/increase in accrued expenses	(1)	15
(Increase)/decrease in inventories	2	32
(Increase)/decrease in trust funds & deposits	410	(72)
(Decrease)/increase in provisions	455	1,690
Net cash provided by/(used in) operating activities	<b>16,521</b>	<b>17,405</b>

### 9.3. Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due.

#### Accumulation

The Fund's accumulation categories receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee legislation).

#### Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Colac Otway Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

#### Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2018, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Colac Otway Shire Council is a contributing employer was 106.0%.

The financial assumptions used to calculate the VBIs were:

Net investment returns 6.0% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

#### Employer Contributions

##### Regular Contributions

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Note 9 Other matters

9.3. Superannuation (cont'd)

**Funding Calls**

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

**The 2018 interim actuarial investigation surplus amounts**

An actuarial investigation is conducted annually for the Defined Benefit category of which Colac Otway Shire is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Colac Otway Shire Council is a contributing employer:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
A VBI surplus	131,900	69,800
A total service liability surplus	218,300	193,500
A discounted accrued benefits surplus	249,100	228,800

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to the investigation date.

Council was notified of the 30 June 2018 VBI during August 2018.

**The 2019 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2019 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2019.

## Performance Statement

For the year ended 30 June 2019

### Description of Municipality

Colac Otway Shire is situated about 160 kilometers south-west of the Melbourne CBD and approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west. Colac Otway Shire has a unique and precious natural environment containing some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

The Colac Otway Shire estimated resident population is 21,503 as at 30 June 2019. Approximately 83.3% of the Shire's residents were born in Australia and of those born overseas; only 4.2% came from non-English speaking backgrounds. The forecast through to 2041 is for a growth of approximately 23.39%; this significant increase is expected with the completion of the dual highway to Geelong. The duplication will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

The five major industry sectors are:

- Manufacturing (1,291 persons or 13.5%)
- Health Care & Social Assistance (1,209 persons or 12.7%)
- Agriculture, Forestry & Fishing (1,191 persons or 12.5%)
- Retail Trade (872 persons or 9.1%)
- Tourism (835 persons or 8.7%)

In combination, these five industries employed a total of 5,398 people or 56.5% of the employed resident population.

Colac Otway Shire Council provides 49 high quality services and facilities across a range of areas including Community Services, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building, Economic Development and Tourism, Parks and Gardens and more.

## Sustainable Capacity Indicators

For the year ended 30 June 2019

<i>Indicator/ measure</i>	Results 2016	Results 2017	Results 2018	Results 2019	Material Variations and Comments
<b>Population Expenses per head of municipal population</b> [Total expenses / Municipal population]	\$2,197.93	\$2,192.10	\$2,341.46	\$2,539.11	This indicator has increased over recent years as Council continues to meet the demands of the community. It must be noted that a large component of this expenditure has resulted from disaster assistance funding and the associated expenditure.
<b>Infrastructure per head of municipal population</b> [Value of infrastructure / Municipal population]	\$12,292.96	\$11,996.72	\$12,203.77	\$13,558.14	This indicator has increased due to an indexation of Infrastructure unit rates. Which has increased the value of Council's infrastructure assets by \$20.9m.
<b>Population density per length of road</b> [Municipal population / Kilometres of local roads]	12.51	13.18	13.22	13.20	This indicator is expected to remain consistent given the low level of population growth.
<b>Own-source revenue Own-source revenue per head of municipal population</b> [Own-source revenue / Municipal population]	\$1,655.79	\$1,664.87	\$1,677.98	\$1,777.67	Own-source revenue has increased primarily due to increased rate revenue, revenue in lieu of rates (new Windfarm in 18/19) and user fees. User fees have predominately increased due to the Bluewater Fitness gym becoming 24/7 and increased Aged Care clients.
<b>Recurrent grants Recurrent grants per head of municipal population</b> [Recurrent grants / Municipal population]	\$541.20	\$573.06	\$617.03	\$596.29	This indicator remains consistent with prior years.
<b>Disadvantage Relative Socio-Economic Disadvantage</b> [Index of Relative Socio-Economic Disadvantage by decile]	3.00	3.00	3.00	3.00	

### Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

**"infrastructure"** means non-current property, plant and equipment excluding land

**"local road"** means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

**"population"** means the resident population estimated by council

**"own-source revenue"** means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

**"relative socio-economic disadvantage"**, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

**"SEIFA"** means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

**"unrestricted cash"** means all cash and cash equivalents other than restricted cash

## Service Performance Indicators

For the year ended 30 June 2019

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material Variations
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2.73	6.08	5.01	4.60	The significant decrease in utilisation of aquatic facilities can be attributed to a decrease in casual visits at Bluewater. Despite the recorded decrease, the Apollo Bay Pool utilisation has increased, as has visitations by Bluewater Leisure Centre's aquatic and platinum members.
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	13.00	10.00	6.00	4.00	The number of cases prosecuted continues to reduce due to public awareness that Council has the capacity, ability and willingness to prosecute where necessary.
<b>Food Safety</b> <b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	90.91%	81.25%	100.00%	94.74%	One of the 19 major non-compliances was not followed up within the required deadline due to staff turnover. This non-compliance has since been followed up.

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material Variations
<b>Governance</b> <b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	43.00	45.00	49.00	52.00	This index score continues to improve each year since 2016 and is now at comparable levels to the Large Rural average, people aged between 18-34 are the most satisfied with council's decisions.
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	17.87%	16.70%	16.04%	14.99%	This indicator does not capture other library activity and usage such as program attendance for literacy and digital literacy activities, children and youth programs, literary events, public internet PC and Wi-Fi usage, using resources and facilities within the libraries to study or read without borrowing.
<b>Maternal and Child Health (MCH)</b> <b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100  <b>Participation</b> <i>Participation in the MCH service by Aboriginal children</i> [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	71.90%	69.68%	70.85%	74.44%	Strategies to increase participation such as SMS messaging and additional administration hours have helped contribute to this increase.  There is a small cohort of Aboriginal children therefore one missed visit can drop participation rate by 10% which occurred in 2018/19.
<b>Roads</b> <b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	37.00	42.00	39.00	42.00	A restructure in the Service and Operations team and work practices has increased our ability to respond to reactive problems more timely; in addition a 'Fix it First Time' process is a better solution that lasts longer and provides safer roads.

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material Variations
<b>Statutory Planning</b> <b>Decision making</b> <b>Council planning decisions upheld at VCAT</b> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	100.00%	100.00%	0.00%	There have been no decisions made on applications currently with VCAT for the 2018/19 period.
<b>Waste Collection</b> <b>Waste diversion</b> <b>Kerbside collection waste diverted from landfill</b> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	43.32%	47.09%	47.79%	52.06%	The increase in 2018/19 is due to the inclusion of organic bins with recycling bins as both bins are considered as recycling. Previous years have not included organic bins in this figure.

## Definitions

"**Aboriginal child**" means a child who is an Aboriginal person

"**Aboriginal person**" has the same meaning as in the Aboriginal Heritage Act 2006

"**active library member**" means a member of a library who has borrowed a book from the library

"**annual report**" means an annual report prepared by a council under sections 131, 132 and 133 of the *Local Government Act 1989*

"**class 1 food premises**" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"**class 2 food premises**" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"**critical non-compliance outcome notification**" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"**food premises**" has the same meaning as in the *Food Act 1984*

"**local road**" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

**"major non-compliance outcome notification"** means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

**"MCH"** means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

**"population"** means the resident population estimated by council

**"target population"** has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

**"WorkSafe reportable aquatic facility safety incident"** means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

## Financial Performance Indicators

For the year ended 30 June 2019

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Efficiency</b>									
<b>Revenue level</b>									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,598.36	\$1,650.83	\$1,664.15	\$1,788.98	\$1,829.30	\$1,870.56	\$1,912.77	\$1,955.57	This indicator is expected to increase in line with the annual rate cap.
<b>Expenditure level</b>									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,967.93	\$3,087.23	\$3,279.64	\$3,546.50	\$3,228.10	\$3,281.59	\$3,338.66	\$3,397.41	This indicator has increased over recent years as Council continues to meet the demands of the community. It must be noted that a large component of this expenditure has resulted from disaster assistance funding and expenditure.
<b>Workforce turnover</b>									
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11.34%	23.77%	17.93%	17.29%	14.44%	14.55%	14.55%	14.60%	This indicator is still quite high. The Executive team are embarking on a number of activities to try to improve retention and reduce the costs associated with such high levels of staff turnover.

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	197.53%	348.05%	254.66%	204.46%	161.53%	148.57%	126.52%	116.23%	This indicator remains healthy at 30 June 2019. It is projected to reduce over the coming years as Council meets the challenge of funding existing services and asset renewal with a relatively low revenue base.  The significant increase from 2017/18 is the result of Council having a large amount of funds invested for more than 90 days in 2017/18. Any investment with an initial investment exceeding 90 days is classified as 'Other Financial Asset' rather than 'Cash'.
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	68.22%	192.27%	9.42%	119.98%	75.17%	55.62%	39.08%	22.89%	
<b>Obligations</b> <b>Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	97.58%	97.66%	115.56%	125.63%	101.66%	102.16%	102.66%	103.16%	Asset renewal continues to exceed depreciation expenditure.
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	17.29%	13.67%	11.36%	8.92%	3.32%	2.31%	1.82%	0.00%	This indicator continues to decrease as Council did not borrow any funds in 2018/19, nor has any borrowings planning in its Strategic Resource Plan.

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Loans and borrowings repayments compared to rates</b> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.31%	3.71%	2.79%	2.71%	5.87%	1.06%	0.55%	1.86%	The spike forecast for 2019/20 relates to a \$1m bond repayment. Council has a specific reserve to meet this repayment in November 2019.
<b>Indebtedness</b> <b>Non-current liabilities compared to own source revenue</b> [Non-current liabilities / Own source revenue] x100	25.54%	30.33%	30.33%	23.52%	23.43%	23.00%	21.46%	21.44%	This indicator has decreased primarily due to Council further reducing borrowings in 2018/19.
<b>Operating position</b> <b>Adjusted underlying result</b> <b>Adjusted underlying surplus (or deficit)</b> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	1.88%	9.27%	0.97%	4.15%	-1.27%	-1.31%	-1.15%	-1.01%	This indicator has been positively impacted due to the large value of operating grants received in 2018/19, primarily relating to disaster recovery. Without this revenue this indicator would have been negative.
<b>Stability</b> <b>Rates concentration</b> <b>Rates compared to adjusted underlying revenue</b> [Rate revenue / Adjusted underlying revenue] x100	60.86%	56.35%	58.51%	53.55%	62.45%	63.36%	63.47%	63.57%	This indicator is lower in 2018/19 primarily due to the large value of operating grants received, primarily relating to disaster recovery. This has increased adjusted underlying revenue disproportionately to rates revenue.

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Rates effort</b> <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.48%	0.50%	0.51%	0.46%	0.45%	0.45%	0.44%	0.44%	This indicator has reduced slightly from prior years. Within a rate capping environment this indicator will generally decrease a little each year, as property values increase at greater rates than rate revenue.

**Definitions**

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

**"own-source revenue"** means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

**"population"** means the resident population estimated by council

**"rate revenue"** means revenue from general rates, municipal charges, service rates and service charges

**"recurrent grant"** means a grant other than a non-recurrent grant

**"residential rates"** means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

**"restricted cash"** means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

**"unrestricted cash"** means all cash and cash equivalents other than restricted cash

## Other Information

For the year ended 30 June 2019

### 1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

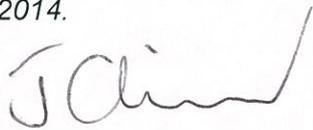
Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Council has provided comments against each performance indicator and measure to assist readers interpret the results.

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 26 June 2019 and which forms part of the council plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting council.

## Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



Jason Clissold FCPA  
**Principal Accounting Officer**

25 September 2019  
*Apollo Bay*

In our opinion, the accompanying performance statement of the Colac Otway Shire Council for the year ended 30 June 2019 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



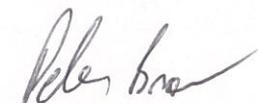
Cr Jason Schram  
**Councillor**

25 September 2019  
*Apollo Bay*



Cr Brian Crook  
**Councillor**

25 September 2019  
*Apollo Bay*



Peter Brown  
**Chief Executive**

25 September 2019  
*Apollo Bay*

# Independent Auditor's Report

## To the Councillors of Colac Otway Shire Council

**Opinion** I have audited the accompanying performance statement of Colac Otway Shire Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2019
- sustainable capacity indicators for the year ended 30 June 2019
- service performance indicators for the year ended 30 June 2019
- financial performance indicators for the year ended 30 June 2019
- other information for the year ended 30 June 2019 (basis of preparation)
- certification of the performance statement.

In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the *Local Government Act 1989*.

**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Performance Statement* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Councillors' responsibilities for the performance statement** The Councillors of the council are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 1989*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

**Auditor's responsibilities for the audit of the performance statement** As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance

---

Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---

MELBOURNE  
27 September 2019

  
Jonathan Kyvelidis  
*as delegate for the Auditor-General of Victoria*

# Acronyms and Definitions

<b>AS/NZS</b>	Australian/New Zealand Standards
<b>CBD</b>	Central Business District
<b>CCMA</b>	Corangamite Catchment Management Authority
<b>CCTV</b>	Closed-circuit television
<b>CEO</b>	Chief Executive Officer
<b>CFA</b>	Country Fire Authority
<b>COPACC</b>	Colac Otway Performing Arts and Cultural Centre
<b>COShealth</b>	Colac Otway Shire Health and Wellbeing Program
<b>CPR</b>	Cardiopulmonary Resuscitation
<b>EEO</b>	Equal Employment Opportunity
<b>EMTEP</b>	Emergency Management Training and Embedding Program
<b>EOI</b>	Expression of Interest
<b>ESO</b>	Environmental Significance Overlay
<b>FO</b>	Floodway Overlay
<b>FOI</b>	Freedom of Information
<b>FTE</b>	Full Time Equivalent employees
<b>G21</b>	Geelong Regional Alliance
<b>GIS</b>	Geospatial Information Systems
<b>GROW</b>	Geelong Regional Opportunities for Work
<b>HACC</b>	Home and Community Care
<b>IBAC</b>	Independent Broad-based Anti-Corruption Commission
<b>ISO/AS</b>	International/Australian Standards
<b>IT</b>	Information Technology
<b>LED</b>	Light-emitting diode
<b>LGPRF</b>	Victorian Local Government Performance Reporting Framework
<b>LSIO</b>	Land Subject to Inundation Overlay
<b>LTFP</b>	Long Term Financial Plan
<b>MAV</b>	Municipal Association of Victoria
<b>MCH</b>	Maternal and Child Health services
<b>MSS</b>	Municipal Strategic Statement
<b>NSP</b>	Neighbourhood Safer Places
<b>OCA</b>	Otway Conservation Association
<b>OH&amp;S</b>	Occupational Health and Safety
<b>OPASS</b>	Council's Older Persons and Ability Support Services
<b>SafetyMAP</b>	Accreditation through the Victorian WorkCover Authority
<b>SRP</b>	Strategic Resource Plan
<b>VAGO</b>	Victorian Auditor General's Office
<b>VCAT</b>	Victorian Civil and Administrative Tribunal



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## Contacting Council

### Colac Service Centre

2-6 Rae Street  
Colac Vic 3250

### Postal Address

PO Box 283  
Colac Vic 3250

T: (03) 5232 9400

E: [inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)

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

### Apollo Bay Service Centre (GORVIC)

100 Great Ocean Road  
Apollo Bay Vic 3233

*Please note:*

*The Apollo Bay Customer Service Centre will relocate to GORVIC from the Nelson Street office on 14 October 2020.*

### Hours

Hours: 9.00am – 5.00pm

Monday to Friday

*(Apollo Bay also open Saturday and Sunday)*

