

ANNUAL REPORT

2014 | 2015

CELEBRATING
150 years of the
Colac Botanic Gardens



Colac Otway
SHIRE

ABOUT THIS ANNUAL REPORT

Our report documents Colac Otway Shire Council's performance during 2014/15 against the Council Plan and the 2014/15 Budget. This is the second year of reporting against the 2013-2017 Council Plan.

Our Council Plan has four Key Result Areas guiding the growth and development of our municipality:

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

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

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

READERSHIP

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

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

FEEDBACK

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

Your feedback is invited via email: inq@colacotway.vic.gov.au or by letter to:

Chief Executive Officer
PO Box 283
Colac Vic 3250

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OUR VISION, MISSION, VALUES AND STRATEGIC DIRECTION

OUR VISION

A sustainable community with a vibrant future

OUR MISSION

Council will work with our community and partners to provide:

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

OUR VALUES

Council will achieve its Vision and Mission by acting with:

- Respect
- Integrity
- Goodwill
- Honesty
- Trust

OUR STRATEGIC DIRECTION

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

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

Pillar 1: Good Governance (p 47)

Pillar 2: A Planned Future (p 53)

Pillar 3: A Place to Live and Grow (p 60)

Pillar 4: A Healthy Community and Environment (p 69)

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



OUR REPORT THEME

CELEBRATING 150 YEARS OF THE COLAC BOTANIC GARDENS

2015 marked the 150th anniversary of the Colac Botanic Gardens and we could not let the opportunity pass to highlight our pride in the gardens and to acknowledge their importance to our community.

The maintenance and renewal of the gardens is the pride and joy of our Parks and Gardens staff, ably supported by the devoted Friends of the Botanic Gardens group, an Advisory Committee to Council.

Overlooking Lake Colac, the Colac Botanic Gardens are considered one of Victoria's unique, and largest, regional gardens. They are significant in a Victorian and Australian context, with the original design being reworked at the beginning of the 20th Century by William Guilfoyle, one of Australia's then leading garden designers.

The gardens cover 15 hectares and contain over 1,000 specimens (more than any other provincial garden in Victoria). Many of these are rare plant species only found in historic gardens. The gardens were classified by the National Trust in 1990 and seven trees have been placed on the National Trust of Victoria's Significant Tree Register.

Other features of the gardens are the oak lined carriageway, which uniquely, is still open to vehicles (10 km speed limit), the palm bed, rose garden, rose arbour (refurbished for the anniversary), fountain, lily pond and a cannon from the HMS Nelson training ship, acquired in 1904. The Botanic Café, once the home of the gardens' early curator, sits on the western edge of the gardens and an extensive playground and barbeque facilities are sited on the eastern point of the gardens overlooking Barongarook Creek.

Images and design elements reflecting the gardens continue our reporting theme throughout the report.

Right (top to bottom): Colac Botanic Gardens in the early 1900s; Celebration planting at Colac Botanic Gardens; Entrance to Colac Botanic Gardens (photo: Michael Rayner).



THE YEAR IN REVIEW

Key Result Area	Achievements	Disappointments	Challenges
<p>GOOD GOVERNANCE</p> <p><i>For more information see page 47.</i></p>	<ul style="list-style-type: none"> • New initiatives to increase community engagement. • Glowing audit results for our electronic content management systems. • Enhanced quality of asset management data. 	<ul style="list-style-type: none"> • Delay in asset management system enhancements due to functionality issues. 	<ul style="list-style-type: none"> • Centralisation of property management accountabilities. • Essential Safety Measures audits to commence on commercial premises within the Shire.
<p>A PLANNED FUTURE</p> <p><i>For more information see page 53.</i></p>	<ul style="list-style-type: none"> • Commercial and Industrial Land Use Strategy for Colac commenced as part of the Colac 2050 plan. • Improved Planning Permit processing times. • Draft Domestic Wastewater Management Plan developed. 	<ul style="list-style-type: none"> • Economic Development Strategy delayed. 	<ul style="list-style-type: none"> • Continued improvement of Planning service delivery. • Implementation of the Domestic Wastewater Management Plan. • Increased tourist numbers place pressure on local infrastructure.
<p>A PLACE TO LIVE & GROW</p> <p><i>For more information see page 60.</i></p>	<ul style="list-style-type: none"> • Bluewater Leisure Centre redevelopment made significant progress. • Successful negotiation for a donation of land in Cororooke for public open space. • Significant increase in attendances at Maternal and Child Health appointments. 	<ul style="list-style-type: none"> • Lack of State Government funding for the Central Reserve redevelopment project. 	<ul style="list-style-type: none"> • Raising funds for large projects in a tightening fiscal environment.
<p>A HEALTHY COMMUNITY & ENVIRONMENT</p> <p><i>For more information see page 69.</i></p>	<ul style="list-style-type: none"> • Community fire refuge to be built at Lavers Hill. • CrossXPollinationN festival of textile and fibre art a resounding success. • Elm tree assessment at Memorial Square resulted in five trees being removed and replaced. 	<ul style="list-style-type: none"> • Feral cats remain an ongoing issue despite concerted efforts. 	<ul style="list-style-type: none"> • Reducing the risk of bushfire. • Becoming carbon neutral by 2018.

The Year Ahead

- Sustainability Strategy responding to rate capping developed and adopted by Council.
- Develop an advocacy strategy for the forthcoming Federal election.
- Essential Safety Measures Audits commenced.
- Develop a revised closed landfill rehabilitation plan.
- Implementation of Council's new asset management system, Stage 3.
- Review Council's existing Risk Management framework for potential key fraud and corruption gaps.
- Centralisation of Council's property management services.

- Colac 2050 Plan: Commercial and Industrial Land Use Strategy completed.
- Community Infrastructure and Asset Renewal Plan, Stage 2 – asset management plans finalised for Bridges and Stormwater drainage.
- Colac CBD & Entrances Project, Stage 1 – detailed design completed and landscaping works commenced.
- Domestic Wastewater Management Plan finalised.
- Great Ocean Road Destination Master Plan finalised.
- Economic Development Strategy finalised.
- Implementation of improvements to Planning processes following an independent review.

- Complete the Municipal Early Years Plan.
- Develop an Alcohol and Other Drugs plan with support from local stakeholders.
- Transition of services to the new Bluewater Leisure Centre.
- Detailed design for the Central Reserve Redevelopment completed.

- Lake Colac Master Plan developed.
- Climate Adaptation Plan developed.
- Review of the Transfer Station and Landfill long-term strategy.
- Municipal Emergency Management Plan updated.
- Municipal Neighbourhood Safer Places Plan reviewed and implementation commenced.
- Memorial Square Master Plan commenced.

Overall Performance of Council

	Colac Otway Shire	Large Rural Shires	State-wide
2014/15*	53	56	60

Results are an indexed mean; highest score is 100.

General Town Planning

	Colac Otway Shire	Large Rural Shires	State-wide
2014/15	46	53	54

Family Support Services

	Colac Otway Shire	Large Rural Shires	State-wide
2014/15	68	67	67

Waste Management

	Colac Otway Shire	Large Rural Shires	State-wide
2014/15	69	68	72

Source: Local Government Community Satisfaction Survey 2015, Department of Planning and Community Development, prepared by JWS Research. *Local Government Victoria altered the definitions of councils included in the category 'Large Rural Shires' in the 2015 survey. As such, we were advised that results for previous years are not directly comparable and cannot be included.

CALENDAR OF EVENTS

JULY, AUGUST, SEPTEMBER

The Minister for Planning approved Amendment C76, a planning scheme amendment which will preserve Birregurra's neighbourhood character.

Trinity student **Matthew Cartwright** was named Colac Otway Shire Council's Young Ambassador of the Year (p 37).

The Colac town bus was fitted out with new Colac, Life Your Way branding to generate pride in our city.

Music lovers across the district gathered at COPACC to farewell much-loved local roots musicians **Tiffany Eckhardt** and **Dave Steel**. The husband and wife duo gave a special concert for their community ahead of their move to Tasmania.



Colac Otway Shire's Youth Council put its stamp on plans for the future upgrade of Colac's central business district by helping Council engage with students at both of Colac's secondary schools (p 38).

In September 2014 the Colac Otway Shire officially became a Refugee Friendly Zone, demonstrating a commitment to upholding the human rights of, and compassion for, refugees.



New Chief Executive Officer **Sue Wilkinson** started work with Council.

Council launched a new era of livestock trade with the official opening of the new roof over the renamed Colac Regional Saleyards.

Colac Otway Shire became the first rural municipality in regional Victoria to fully replace its residential streetlights with light emitting diode (LED) lamps, cutting energy use by 70 per cent (p 41).

OCTOBER, NOVEMBER, DECEMBER

Residents received news that there would be three new Neighbourhood Safer Places in the shire this fire danger season; in **Beeac**, **Birregurra** and **Gellibrand** (p 14).

Throughput figures at the Colac Regional Saleyards for the first half of the 2014/15 financial year were almost double that of the same period the previous year – an encouraging sign following Council's \$1.5 million investment in a roof over the facility.

Ship's ahoy! Council installed a new seaside-themed playground on the foreshore in **Apollo Bay** in time for the Christmas tourist season (p 61).



Strong advocacy from Council resulted in an agreement with VicRoads to provide a pedestrian walkway on both sides of the **Barongarook Creek** as part of its Princes Highway duplication project, greatly increasing safety for pedestrians.

A diverse range of volunteering spanning 50 years earned **Denise Green** the honour of Colac Otway Shire's 2015 Australia Day Citizen of the Year Award. The inaugural Australia Day Arts Award winner was **Andrew Beale**, founder of the Red Rock Regional Theatre and Art Gallery. Andrew won for his commitment to connecting creative people and making the arts more accessible and affordable (p 37).

New Mayor **Frank Buchanan** earmarked his term in leadership as a time to build on successes and critically review and adjust the things that were not working well. Cr Buchanan took over the Council's top post from outgoing Mayor **Lyn Russell**, who had led Council for the past two years.

Returned district serviceman **Ted Taylor** resumed his rightful place in the historic **Eurack Avenue of Honour** after the resolution of a decades-long mystery surrounding the removal of his tribute tree and plaque.

Council praised an initiative by **Fonterra Australia** to donate land for public use in **Cororooke**. Fonterra offered one hectare of land near the entrance to its former dairy factory as a parting legacy to the community.

Council embarked on a series of drop-in sessions across the shire called **Community Conversations**, providing residents with a chance to meet with councillors and staff to discuss local issues (p 50).

JANUARY, FEBRUARY, MARCH

Council adopted a strategic plan for the **Forrest Mountain Bike Trails**, setting a vision for their future development.

A newly-completed solar panel installation on the roof of Council's Colac building complex will cut electricity bills by approximately \$30,000 a year (p 41).



Council partnered with the Colac Family History Group to produce a calendar for the ANZAC centenary, detailing a range of community events taking place to remember those who served our nation in the First World War.

Council established a project reference group of key Central Reserve users to advise on the redevelopment of Colac's premier recreation reserve.

COPACC launched a new Young Theatre Lovers' Club, a subsidised theatre subscription to make going to the theatre easier for young people in the district.

The Old Beechy Rail Trail enhancement project concluded, providing a safer and more enjoyable experience for riders and walkers along 50 kilometres of trail between Colac and Ferguson (p 35).

Councillors gave conditional approval to a proposal for a multi-million dollar redevelopment of Forrest's old sawmill site by the Forrest Brewing Company.

Nine community groups shared in almost \$15,000 of funding from Council to commemorate the ANZAC centenary. Council made a special one-off grants scheme available in response to a groundswell of local interest in marking the significant occasion.

Colac Otway Shire's landowners took positive action to reduce the bushfire risk on their properties, with only a very small number of residents receiving fire prevention notices.

APRIL, MAY, JUNE

Council adopted its 2015/16 budget, locking in the lowest increase in average rates and charges in a decade, along with the second highest capital works program in the shire's history, at \$17.34 million.

Council significantly improved its overall performance across all core measures in the annual local government satisfaction. Highest rating service areas included waste management, elderly support services and family support services.

Leader of the Australian Greens, and Otways farmer, Richard di Natale launched the SS Environment at COPACC as part of World Environment Day. The SS Environment was a handcrafted cardboard art-deco ship.



Approximately 20 volunteers from local groups and service clubs gained professional traffic management skills at a free traffic management workshop; the third of its kind offered by Council to help event organisers control traffic at community-based events.

CEO Sue Wilkinson launched a quarterly 'service snapshot' to give the community a better understanding of the services Council delivers (p 50).

Council reiterated its strong stance against coal seam and other unconventional forms of gas extraction in Victoria. Council called for an extension of the moratorium on unconventional gas exploration until the community's concerns about the fracking industry could be addressed.

Colac Otway Shire gained the backing of Victoria's local government sector at the Municipal Association of Victoria's state meeting when it called for action on fairer fuel prices in country areas. Also winning strong support was Council's call for better State Government resourcing of noxious weed management.

Colac's Lone Pine tree, a direct descendant of the original Gallipoli Lone Pine, received a new protective fence in Memorial Square as part of Council's contribution to the community's ANZAC centenary commemorations.

CEO Sue Wilkinson announced a restructure of the organisation to make it more responsive to the community's needs (p 14).

A special piece of history returned to the Colac Otway Shire when a cup belonging to the late ultramarathon legend Cliff Young was brought home by Young's honorary grandchildren, Paula and Bridgette Powers.



Top: Reconstruction completed on the Sand Road Bridge at Glenaire.

SERVICES PROVIDED TO OUR COMMUNITY

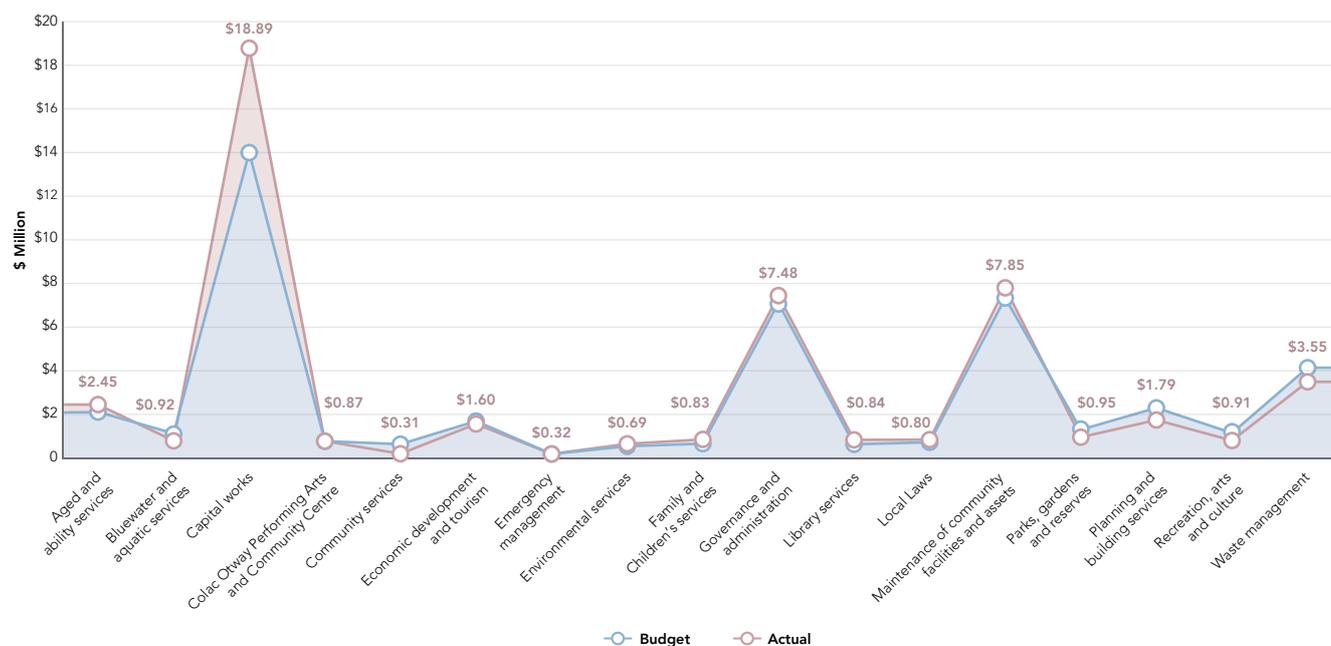
Colac Otway Shire, a large rural shire council, comprises 220 full-time equivalent staff who, in approximately 46 teams, provide more than 90 different services and programs to the community.

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

It cost \$42.89 million to run the Colac Otway Shire Council in 2014/15. Total revenue was \$54.35 million comprising \$26.63 million in rate revenue, \$21.56 million in State and Federal Government grants, and \$6.16 million in other revenue. The surplus of revenue over expenditure contributes to Council's capital works program (see pages 24 and 66 for details). The grant money that Council receives enables a wide range of services to be delivered to the community.

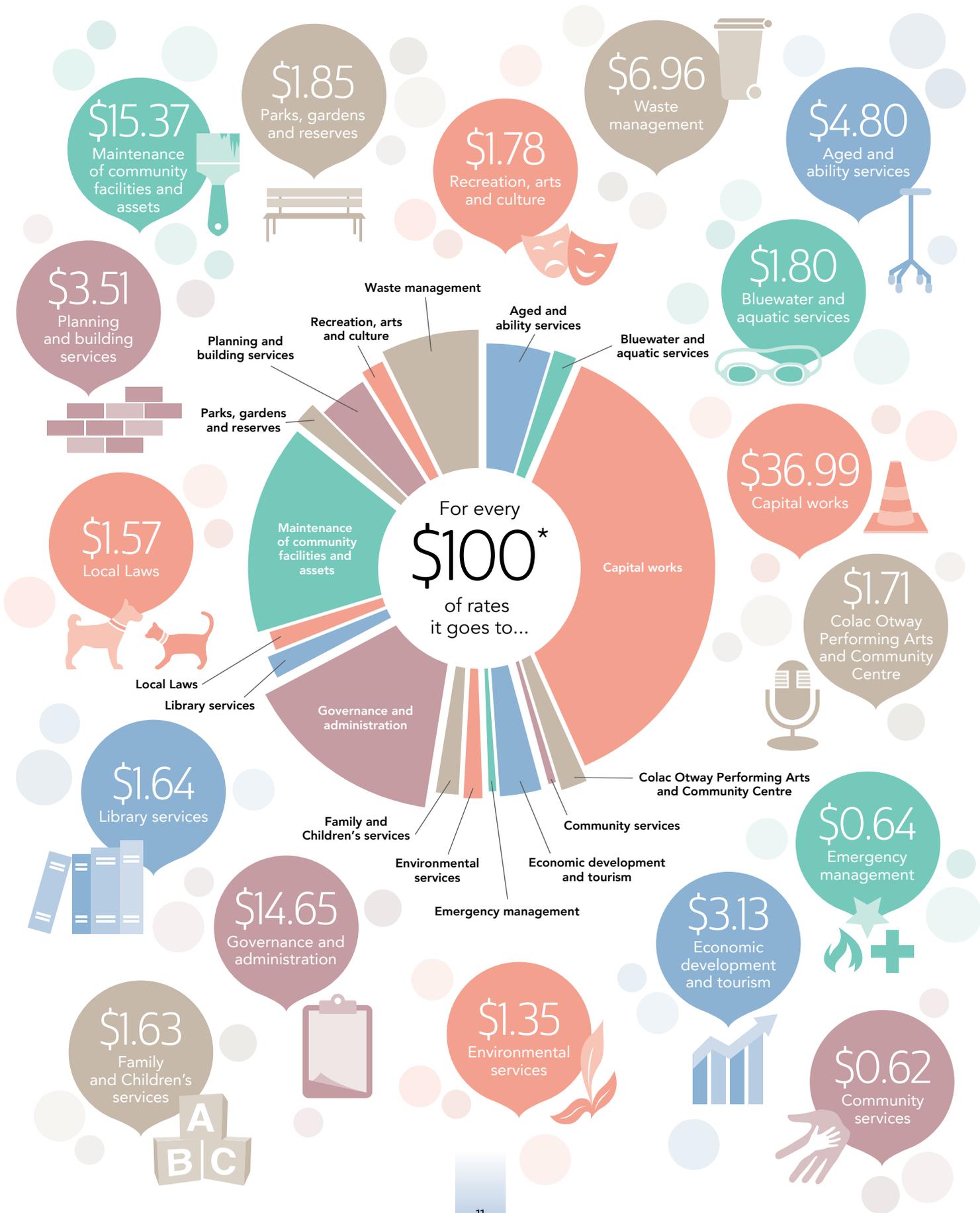
A snapshot of the services provided by Council and their costs are shown in the graph below:

2014/15 Expenditure on Services



YOUR RATES AT WORK

*A breakdown of the \$26.63 million in rate revenue for 2014/15 shows the cost of services provided per \$100 of rates. The figures include overheads but exclude depreciation.



OUR SHIRE PROFILE

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 and Warrnambool to the west.

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

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



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

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

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



OUR HISTORY

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

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

OUR PEOPLE

We have an Estimated Residential Population of 20,501, as at 30 June 2014. Approximately 87 per cent of the Shire's residents were born in Australia and of those born overseas; only 3 per cent came from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 14.03 per cent, at an average annual change of 0.53 per cent; however we expect this to increase once the dual highway to Geelong is completed as it will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change.

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



Top: Busy Murray Street, Colac (photo: Jon Barter).

Left: Dairy farming is a large agricultural activity in our region (photo: Jon Barter).

Above: Apollo Bay Shopping Centre (photo: Jon Barter).

EMPLOYMENT

The five major industry sectors are:

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

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

OUR NAME

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

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

Additional shire statistics

Area	3,433 sq km
Length of Local Roads	1,632 km
Sealed	558 km
Unsealed	1,074 km
Estimated Population	20,501
0 - 4 years	6.0%
5 - 19 years	19.4%
20 - 34 years	14.8%
35 - 59 years	34.0%
over 60 years	25.7%
Population born overseas	7.5%
Population growth rate	0.53%
Employment rate	97% (full-time, 57%)
Rateable properties	14,986
Coastline	95 km
Forest and National Park	110,000 ha

Sources: Australian Bureau of Statistics Census 2011, .id Consulting, Melbourne 2015.

Our Location



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

Right: Surf fishing, Apollo Bay (photo: Stuart Milligan).



MAYOR AND CEO'S MESSAGE



We have pleasure in presenting our Annual Report, which marks the second year of reporting against our 2013-2017 Council Plan. Our report highlights the achievements, challenges and disappointments we faced during the 2014/15 year.

2014/15 has been an exciting and challenging year and we are pleased with the progress we have made. We have worked hard to deliver on our promises, improve community engagement, and ensure our services are best placed to meet the current and future needs of our community.

HIGHLIGHTS

Planning for success

Early in 2015 most Councillors and the Executive management team participated in a workshop to review progress as a Council and for Council to identify and agree on key priorities for the next 18+ months. It was also an opportunity to strengthen the way the Executive team work together with Councillors. The session was extremely positive and productive, with Councillors agreeing on a number of key priorities for action. These included preparing for rate capping, working to improve services, including planning processes, a greater focus on economic growth and the creation of employment opportunities.

Gearing the organisation for the future

In April 2015 a new organisational structure was unveiled. The restructure was undertaken to ensure our functions are arranged to best utilise staff skills and maximise our capacity to deliver high quality services to the community within our organisation's limited resources. The new structure will enable the organisation to respond to the challenges and strategic opportunities that we will encounter in the future.

New Executive Management Team announced

Following the significant changes to the functions and responsibilities of the Divisions and roles of the General Managers (GM), it was necessary to advertise the roles. The appointments of Brydon King as GM Development and Community Services and Ingrid Bishop as GM Infrastructure and Leisure Services were announced in June. With the impending retirement of the GM Corporate Services in October 2015, recruitment for this position will commence in July.

Performance against the Council Plan

We made significant progress on Council Plan key projects, including:

The \$11.8 million Bluewater Leisure Centre redevelopment remains a headline item as the project nears completion. It is the single-biggest infrastructure project in Council's history. The project will deliver a multi-generational facility, principally funded by almost \$10 million from the state and federal governments. It is anticipated that the centre will open later in 2015.

Establishing Neighbourhood Safer Places (NSP) progressed in 2014/15 with the designation of NSP's within Apollo Bay, Beeac and Birregurra. This is a work in progress as the stringent bushfire safety standards mean we are unable to identify appropriate NSP's in our highest risk townships. As a consequence we have strongly and successfully advocated for last resort shelter options, resulting in Emergency Management Victoria planning to construct a refuge in Lavers Hill. See page 71 for additional information.

The introduction of *SafetyMax* has revolutionised incident and hazard reporting. The easy to use, 24/7 online reporting system has made the previous complex manual reporting process a thing of the past. The significant increase in reporting has enabled us to be proactive in addressing issues before they turn into injuries.

Top: Mayor, Cr Frank Buchanan and CEO Sue Wilkinson.

Successful Advocacy

Communication blackspots have long been a major issue for our shire and one of our key advocacy actions. We were thrilled to be notified that the shire will receive eight new mobile base stations as part of a major Federal Government program. This is significant because of the enormous safety issues we face during the bushfire season. Many of our small communities are extremely vulnerable because they cannot access emergency communication through mobiles or computers.

Improved community satisfaction ratings

Council significantly improved its overall performance rating in the annual local government satisfaction survey. We recorded improved ratings across all core measures in comparison to 2013/14. Highest rating service areas included waste management, elderly support services and family support services.

Communication with our community

During the past 12 months Council has introduced several new initiatives to build stronger relationships with our community. We also tried a number of new and innovative approaches to community engagement (see feature on page 50).

Financial performance

We are proud that Council's financial position remains sound and that we achieved low risk ratings on all financial sustainability ratios, as measured by the Auditor General.

The actual operating surplus was \$11.46 million, improving on the budgeted surplus of \$3.02 million. Primary factors contributing to the large increase in the surplus are the receiving of additional infrastructure funding (\$2.8 million) and additional operating grants (\$3.67 million).

See page 20 for additional information.

Revenue raised was \$54.35 million against a budgeted \$46.16 million. Operating expenditure was \$42.89 million against a budget of \$43.15 million.

We spent \$18.89 million on capital works against an original budget of \$13.97 million (revised budget of \$21.52 million included carried forward works). Of this, \$17.0 million was spent on renewing and upgrading our existing asset base, a \$5.92 million increase from 2013/14. Council's commitment to community asset improvement and upgrades will continue in 2015/16, with the second highest budgeted capital works program in Council's history of \$17.34 million.

Our total property and infrastructure base expanded to \$289 million, up from \$279 million. We are in a very strong cash position and have low borrowings. This outcome is an excellent result and demonstrates one of Council's key strategies of "Prudent and accountable financial, asset, risk and resource management".

CHALLENGES

Declining grants revenue from the State and Federal governments, combined with the introduction of a cap on raising rate revenue coming into effect in 2016/17, has increased the pressure on our budget planning process. It has also accelerated the need to plan a whole of organisation response to ensure we are best positioned to meet the increased challenges. At the same time community expectations for the provision and quality of services continued to grow.

DISAPPOINTMENTS

While the redevelopment of the Bluewater Leisure Centre has progressed to the point that we can readily see the amazing facility we are going to have, there have been a number of unforeseen issues arise and while these are being worked through, it has delayed the completion of the project.

LOOKING TO THE FUTURE

Acknowledgements

We would like to thank our staff for their dedication and hard work and our wonderful 515 volunteers who provided a vital service in supporting Council to deliver its many programs during the year (see page 35).

Over the coming year, our focus will be the continued delivery of the major projects listed in our Council and annual Operational Plans, refinement of service reviews and finding smarter ways to meet community needs in an increasingly constrained financial environment.



Cr Frank Buchanan, Mayor



Sue Wilkinson, Chief Executive Officer

OUR COUNCIL

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

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

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

Councillor attendance at meetings 1 July 2014 to 30 June 2015

Councillor	Council and Statutory Meetings Attended	Special Council Meetings Attended	Planning Committee Meetings Attended	Councillor Briefing Sessions Attended
Cr Frank Buchanan (Mayor)	11/12	3/3	6/6	39/43
Cr Brian Crook (Deputy Mayor)	12/12	2/3	5/6	41/43
Cr Michael Delahunty	12/12	3/3	6/6	27/43
Cr Stephen Hart	12/12	3/3	6/6	40/43
Cr Lyn Russell	11/12	3/3	6/6	41/43
Cr Chris Smith	12/12	3/3	6/6	1/43
Cr Terry Woodcroft	12/12	3/3	6/6	33/43

The Statutory Meeting held on 19 November 2014 included the election of Cr Frank Buchanan as Mayor. For further information on Council's role and responsibilities refer to page 76.

CR FRANK BUCHANAN

Mayor

First elected: 2008

Re-elected: (by count back) 2013

Mobile: 0437 780 070

0455 949 212

Email: frank.buchanan@colacotway.vic.gov.au

Cr Frank Buchanan and his wife Beb live near Apollo Bay. Frank's goal is to advocate on behalf of the community on the need for stronger economic development and better services, including education, health and sport, while protecting and recognising the diverse business and environmental assets we have in our Shire.

Delegation to committees of Council

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

Representing Council on other committees and groups

- Apollo Bay Harbour Redevelopment Community Reference Group
- Australian Local Government Association
- Great South Coast Municipalities Group
- Heathfield Estate Reserve Community Reference Group
- G21 Board
- G21 Economic Development Pillar
- G21 Planning & Services Pillar
- Great South Coast Board
- Great South Coast Position for Economic Growth Group
- Port of Apollo Bay Consultative Group

CR BRIAN CROOK

Deputy Mayor

First elected: 2002
Re-elected: 2004, 2008, 2012
Telephone: 5232 9410
5231 3885 (AH)
Mobile: 0448 352 583
Email: councillor.crook@colacotway.vic.gov.au
bcrook88@gmail.com

Cr Brian Crook is a teacher at Colac's Trinity College and is the longest serving councillor, first elected in 2002. Brian served two terms as Mayor with the previous council and is currently serving as Deputy Mayor. Brian places a strong emphasis on building relationships with local community groups and regional, State and Federal Governments. He believes the key to the Shire's success, particularly over the last four years, has been the result of a strong voice within the region and good working relationships with all levels of government. Brian and his wife Lyn have six children and three grandchildren. Brian acknowledges that there are many challenges and opportunities ahead and he is looking forward to further enhancing Colac Otway as a place of first choice.

Delegation to committees of Council

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

Representing Council on other committees and groups

- Birregurra Community Group
- Chair of L2P Steering Committee
- Community Hub Inc
- G21 Sports & Recreation Pillar
- G21 Transportation Pillar
- Great South Coast Improve Our Connections Group

CR MICHAEL DELAHUNTY

First elected: 2012
Telephone: 5232 9408
Mobile: 0409 155 904
Email: councillor.delahunty@colacotway.vic.gov.au

Cr Michael Delahunty, together with his wife Louise, operate a family beef cattle, and consulting engineering businesses. Michael represents Council on emergency management committees, audit committee and industry advisory group. Issues regarding infrastructure planning, education attainment, emergency management and advocacy on behalf of all ratepayers are Michael's primary areas of interest.

Delegation to committees of Council

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

Representing Council on other committees and groups

- Apollo Bay Harbour Redevelopment Community Reference Group
- Forrest Mountain Bike Trails Strategy Steering Group
- Industry Advisory Group
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Planning Committee
- Ondit Quarry Consultative Committee
- Tirrengower Drainage Scheme Committee of Management



Above (L-R): Cr Frank Buchanan;
Cr Brian Crook; Cr Michael Delahunty.



CR STEPHEN HART

First elected : 2002
Re-elected: 2008, 2012
Telephone: 5232 9406
5237 3196 (AH & BH)
Mobile: 0407 962 412
Email: lavershill7@gmail.com

Cr Stephen Hart graduated in Economics at Monash University, Clayton, and was employed in the Federal public service until moving to Lavers Hill. Stephen served as Deputy Mayor in 2010/2011 and 2012/2013, and Mayor in 2012. He is committed to improving Council's financial and environmental sustainability and is vigilant to ensure that appropriate governance standards are met. Stephen is particularly interested in improving educational opportunities for the local community; an area he believes was neglected until recent years. Stephen and his partner Chris live in their owner-built mud brick house on a property adjoining the picturesque Melba Gully State Park. Solar panels generate most of their electricity needs. Since 1990 they have revegetated much of their land with more than 4,000 indigenous trees.

Delegation to committees of Council

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

Representing Council on other committees and groups

- Apollo Bay Aquatic Centre (ABAC) Committee
- Apollo Bay Leisure Centre Liaison Group
- Barnard Trust Committee
- Barwon South West Waste and Resource Recovery Group
- Colac Community Library & Learning Centre Joint Use Advisory Committee
- Community Hub Inc
- Corangamite Regional Library Corporation
- G21 Education & Training Pillar
- G21 Environment Pillar
- Lavers Hill Swimming Pool Committee of Management
- Municipal Association of Victoria

CR LYN RUSSELL

First elected: 2008
Re-elected: 2012
Telephone: 5232 9405
5231 5191 (AH)
Mobile: 0419 326 624
Email: councillor.russell@colacotway.vic.gov.au

Cr Lyn Russell is a trained nurse and during the years as a practicing midwife she delivered over 1,000 babies. Lyn also has a Post Grad in Community Health Nursing, specialising in Cancer Support, Palliative Care and Diabetes. Lyn has been very active in local sport, serving as President, Secretary and Treasurer of the Colac Youth and Recreation Centre for many years. She is a life member for her contribution to management, junior football and cricket and her years of running the playgroup. Lyn and her husband Merv have a son. Lyn has served three terms as Mayor. Her goal is to improve Shire communications and customer service, to maintain and improve our assets and to be part of a transparent, accountable, fair and honest Local Government.

Delegation to Committees of Council

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

Representing Council on other committees and groups

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

Top: Winter colour in our Botanic Gardens.

CR CHRIS SMITH

First elected: 2004
Re-elected: 2008, 2012
Telephone: 5232 9411
5235 1255 (AH & BH)
Mobile: 0419 351 255
Email: cjmsmith@bigpond.com

Cr Chris Smith is a dedicated family man, dairy farmer and Pastor of the South West Family Church in Colac. Chris and his wife Maree have four children. In his first term on Council Chris served as Mayor and is the youngest ever to serve in that role in Colac Otway Shire. Chris has over 30 years' experience working directly with the youth of our community and champions the role of volunteers throughout the Shire. Chris is committed to working with the community and business to achieve the best possible outcomes for the Shire in both the short and long-term.

Delegation to committees of Council

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

Representing Council on other committees and groups

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

CR TERRY WOODCROFT

First elected: 2012
Telephone: 5232 9407
Mobile: 0417 559 258
Email: councillor.woodcroft@colacotway.vic.gov.au

Cr Terry Woodcroft has been a resident of the Otways for over 40 years and considers this area his natural home. Terry attended Gellibrand Primary School then the Colac Technical School before joining the Navy in 1980 at age 15, where he completed six years of service before returning to Colac and meeting his wife Jane. Terry worked at the Colac District Hospital then joined Victoria Police in 1997. Terry and Jane have three daughters and reside on a small farm in the Otway Ranges. Terry's primary interest has always been community and he believes a person's potential is there to be challenged and encouraged. He wants to see Colac Otway Shire placed in the best possible position to face the challenges ahead and is committed to teamwork and capitalising on the diverse skills and strengths of individuals to achieve a common goal.

Delegation to committees of Council

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

Representing Council on other committees and groups

- Colac Otway Network of Community Centres
- COPACC Trust
- G21 Arts & Culture Pillar
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Planning Committee
- Youth Council



Above (L-R): Cr Stephen Hart; Cr Lyn Russell;
Cr Chris Smith; Cr Terry Woodcroft.

CHIEF FINANCIAL OFFICER'S REPORT

At the end of 2014/15 Council's financial position was solid. We delivered our ninth successive surplus, which is an objective of our Long Term Financial Plan and is a significant result given the increasing demands on Council services.

FINANCIAL SNAPSHOT

- \$54.35 million revenue against a budgeted \$46.16 million.
- \$18.89 million Capital Works program delivered against a budgeted \$13.97 million (revised budget of \$21.52 million including carried forward works).
- Rates and Charges comprised \$26.63 million (49%) of the total operating revenue.
- Operating surplus of \$11.46 million (budget \$3.02 million).
- Cash holdings increased by \$2.88 million, from \$12.82 million in 2013/14 to \$15.70 million in 2014/15.
- Net debt increased by \$0.45 million, from \$4.92 million in 2013/14 to \$5.37 million in 2014/15.

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

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

OPERATING RESULT

We achieved an \$11.46 million surplus for the 2014/15 financial year against a budgeted surplus of \$3.02 million. This represents a significant increase over the \$2.74 million surplus achieved for 2013/14.

2014/15 Operating Result

	Actual \$ million	Budget \$ million
Operating Income	54.35	46.16
Operating Expenses	42.89	43.15
Operating Surplus	11.46	3.02

The major factors contributing to the improved result were:

- Additional infrastructure funding of \$2.80 million.
- Additional operating grants received of \$3.67 million. The majority of this (\$2.99 million) related to the prepayment of 50% of the 2015/16 Financial Assistance Grant by the Victoria Grants Commission.
- Additional \$0.52 million of donated infrastructure assets.
- Additional \$0.38 million in cash contributions.

This saving was marginally offset by increases in employee expenses (\$0.67 million) and materials and services (\$0.51 million).

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

- Employee expenses 40%
- Materials and services 34%
- Depreciation 22%

For more information on the actual variances to budget please refer to the Financial Statements (page 96).

UNDERLYING RESULT

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

Council achieved an underlying surplus of \$3.05 million for 2014/15. This included the Financial Assistance Grant received in advance of \$2.99 million. With this removed Council achieved a small underlying surplus of \$0.06 million. This is a significant improvement on the 2013/14 result of a \$0.97 million underlying deficit.

The following graph provides a comparison of the underlying result with capital grants and contributions included (Operating Result) and excluded. It immediately highlights our dependency on grants and our vulnerability in the face of the Federal Government Financial Assistance Grants freeze, which will cost us \$0.53 million in real terms over the next two years.

The decline in grant funding has a further consequence. It erodes our capacity to replace existing assets and to maintain current services to the community without sourcing funding from other sources, such as rates.

The introduction of rate capping will have a further effect on this. The double effect of Financial Assistance Grants reducing in real terms, along with the restriction on Council's ability to raise own-sourced revenue to cover this decline, has the potential to significantly affect asset renewal and service potential over the medium to long-term.



Note: The sharp increase in 2010/11 is due to the Port of Apollo Bay being recognised for the first time.

Improving our capacity to sustain an underlying surplus without a reliance on capital grants is a critical financial strategy. The 2014/15 underlying result is positive as it reflects our decreased reliance on grants and contributions than previously.

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

REPLACING OUR ASSETS

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

During 2014/15, we spent a total of \$18.89 million on capital works (capital expenditure/investment) across the shire, compared with \$13.23 million in 2013/14. This included a total of \$9.63 million (51%) on renewal works/activities and \$9.26 million (49%) on new and upgrade works/activities.

2014/15 Capital Works

	Actual \$ million	Budget \$ million
Renewal	9.63	9.69
Upgrade	7.37	3.58
New	1.89	0.71
Total	18.89	13.97



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

The result for 2014/15 is 101%, which means we are renewing our assets at 1.01 times the rate we are depreciating them. When combined with asset upgrades (i.e. improving our existing assets), this figure shows a very strong result of 180%. This exceeds the target in our Strategic Resource Plan and Long Term Financial Plan.



CASH HOLDINGS

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



During 2014/15 Cash holdings increased to \$15.7 million from \$12.82 million in 2013/14. This included a cash receipt of \$2.99 million from the Financial Assistance Grant received in advance. Excluding the \$2.99 million, Council's cash holdings remained relatively steady, with a small decline of \$0.11 million. This reflects Council's increased spend on our asset base during 2014/15, part of which was funded from reserved cash holdings.

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

FINANCIAL SUSTAINABILITY

Increasing threats to funding and growing community expectations emphasise the need for strong financial management, efficient long and short-term planning and the targeted allocation of resources.

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

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

For additional financial performance information, see page 89. The Financial Statements commence on page 96.

Ashley Roberts CPA,
Manager Finance and Customer Services



MAJOR PROJECTS

Delivering capital projects is essential to achieve Council's aim to provide safe, accessible and appropriate infrastructure that meets the needs of our community. Throughout the 2014/15 financial year, Council undertook a wide range of capital projects, including significant infrastructure works that directly improved facilities for our community and visitors.

A total of \$18.89 million of capital projects were delivered. Following is a summary of the key projects under each category. See page 88 for a breakdown of capital expenditure within the renewal, upgrade and new programs.

A SNAPSHOT OF SOME OF THE KEY COMMUNITY PROJECTS DELIVERED

Runway Upgrade, Colac Aerodrome - \$91,397

The project was delivered with the assistance of State Government funding, enabling an invaluable capital investment in the Colac Aerodrome. The gravel runway was converted to a sealed pavement, providing a safe and consistent surface for light aircraft to land. Completion of this project has resulted in an increase in the use of the aerodrome, which has flow on effects to the broader community through increased visitations.



Aerodromes	\$91,397
Runway Upgrade Colac Aerodrome	\$91,397
Land and Buildings	\$8,552,078
Bluewater Leisure Centre Redevelopment	\$6,848,915
Barwon Downs Combined Community Centre	\$212,292
Footpaths and Cycleways	\$1,015,000
Old Beechy Rail Trail	\$177,471
Footpath Renewal	\$451,555
New footpaths	\$385,794
Road Programmes	\$5,698,603
Asphalt Overlay Programme	\$107,957
Road Resealing Programme	\$1,172,088
Road Reconstruction Programme	\$2,046,505
Unsealed Roads Programme	\$1,953,158
Plant Replacement	\$1,694,406
Harbour Plant Renewal	\$636,654
Heavy and Fixed Plant	\$497,350
Light Plant	\$560,402
Furniture, Equipment and Information Technology	\$550,000
Information Technology	\$55,121
Other	\$494,879
Bridge Replacement	\$764,000
Sand Road	\$429,151
Wilson Street Pedestrian	\$140,450
Phalps Road	\$80,643
Pearces Bridge	\$70,133
Drainage Works	\$266,000
Other Infrastructure	\$255,000

Left: Spring has sprung in the Botanic Gardens.

Above: Rehabilitation works in progress on the Sand Road Bridge. The bridge was beyond serviceable repair and was closed due to a threat of imminent collapse. The rehabilitation works have been completed and the bridge is once again being able to provide local access and improved emergency access to the area.

Barwon Downs Community Centre - \$212,292

Through a strong partnership developed between Barwon Downs Community Groups, the Country Fire Authority (CFA) and Council, we were able to attract \$200,000 funding from Regional Development Victoria for the construction of a multi-use community centre. The community groups worked tirelessly with Council in facilitating and delivering the project, which involved the extension of the CFA Shed to provide a meeting room and training facility for the CFA. More importantly, the whole community got behind the project to ensure the extension would provide benefit to all groups. The end result is a community centre that provides a new home for the Barwon Downs Tennis Club, community meeting rooms and a community function space for everyone to use.



Road Reconstruction Programme - \$2,046,505

The renewal of Council's road network is essential for providing roads that are safe and appropriate for our transport needs. Council's ongoing commitment to funding road renewal, via the Road Reconstruction Programme, has enabled critical road renewal to be completed on Warrowie Road, Weering School Road, Division Road, Colac Lorne Road, Ferrier Drive and Seymour Crescent.



Above: Asphaltting works in progress on Richmond Street, Colac - one of seven roads reconstructed during 2014/15.

The renewal works are required to restrengthen road pavements so that they are able to carry our transport needs, including freight from our agriculture and industry sectors, well into the future.

THE YEAR AHEAD

Council's commitment to community asset improvement and upgrade will continue in 2015/16, with the second highest capital works program in Council's history of \$17.34 million. Highlights include:

- \$5.6 million for road reconstruction, re-sheeting, re-sealing and safety upgrades
- \$2.48 million to commence major upgrades of the Central Reserve's off-field facilities
- \$1.34 million for the completion of the Bluewater redevelopment
- \$1.1 million for upgrades to the eastern entrance of the Colac CBD
- \$670,000 for bridge upgrades
- \$650,000 for new and renewed footpaths.

Left (top to bottom): Building inspection during construction; Colourful furniture gives a cheerful finish to the interior of the community centre; Project completed! L-R: Gavin Brien, Tim Humpage, Paul O'Brien, Brad Fry, and Michael Swanson.

Right: Colac Otway Shire staff (photo: Tim Lucas).

OUR ORGANISATION

ROLE OF THE CEO AND THE ADMINISTRATION

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

The administration is formally accountable to the CEO. Its role is to provide advice and reports to Council to assist decision making, implement council decisions and to oversee the delivery of services. For additional information see the Corporate Governance section on page 81.



OUR EXECUTIVE MANAGEMENT TEAM

SUE WILKINSON

Chief Executive Officer

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

Major Functions: Council Governance; Councillor Support; Public Relations.

Sue commenced at Colac Otway Shire in August 2014 and has more than two decades of experience as a leader and innovator in planning and community development, managing major strategic planning, economic and community development projects. Prior to taking up her role at Colac Otway Shire, Sue worked in senior roles at Monash City Council, the City of Port Phillip and the State Government's Department of Planning and Community Development. Sue's focus is on working with Council and the community to support the delivery of high quality local services, building on the successes of the shire. Sue will also work hard for strategic, future focused and positive outcomes for Colac Otway in the years ahead. Supporting the creation of employment opportunities through facilitation is central to helping regional areas remain strong economically, to ensure people have a reason to stay and populations don't dwindle.

COLIN HAYMAN

General Manager Corporate Services

Bachelor of Business in Local Government; Certificate of Business Studies (Accounting); Fellow Local Government Professionals.

Major Functions: Finance and Customer Services; Recreation Arts & Culture; Information Services; Organisational Support & Development; Health & Community Services.

Colin has been involved in Local Government for nearly 39 years and commenced with Colac Otway Shire on 31 January 2005. He has worked in a number of roles during his time in local government including Accountant, Finance Manager and Deputy Shire Secretary. Colin's previous role was as Group Manager Corporate and Community Services for Corangamite Shire Council.

PHIL CORLUKA

General Manager Infrastructure and Leisure Services

Bachelor of Engineering (Civil)

Major Functions: Infrastructure and Asset Development; Major Contracts; Waste Management; Cosworks; Colac Live Stock Selling Centre; Apollo Bay Harbour.

Phil commenced with Colac Otway Shire Council in February 2014. He had previously held senior positions within the water industry across Victoria. Phil resigned in May 2015. The appointment of Ingrid Bishop to the General Manager Infrastructure and Leisure Services role was announced in June 2014.

DOUG MCNEILL

Acting General Manager Development and Community Services

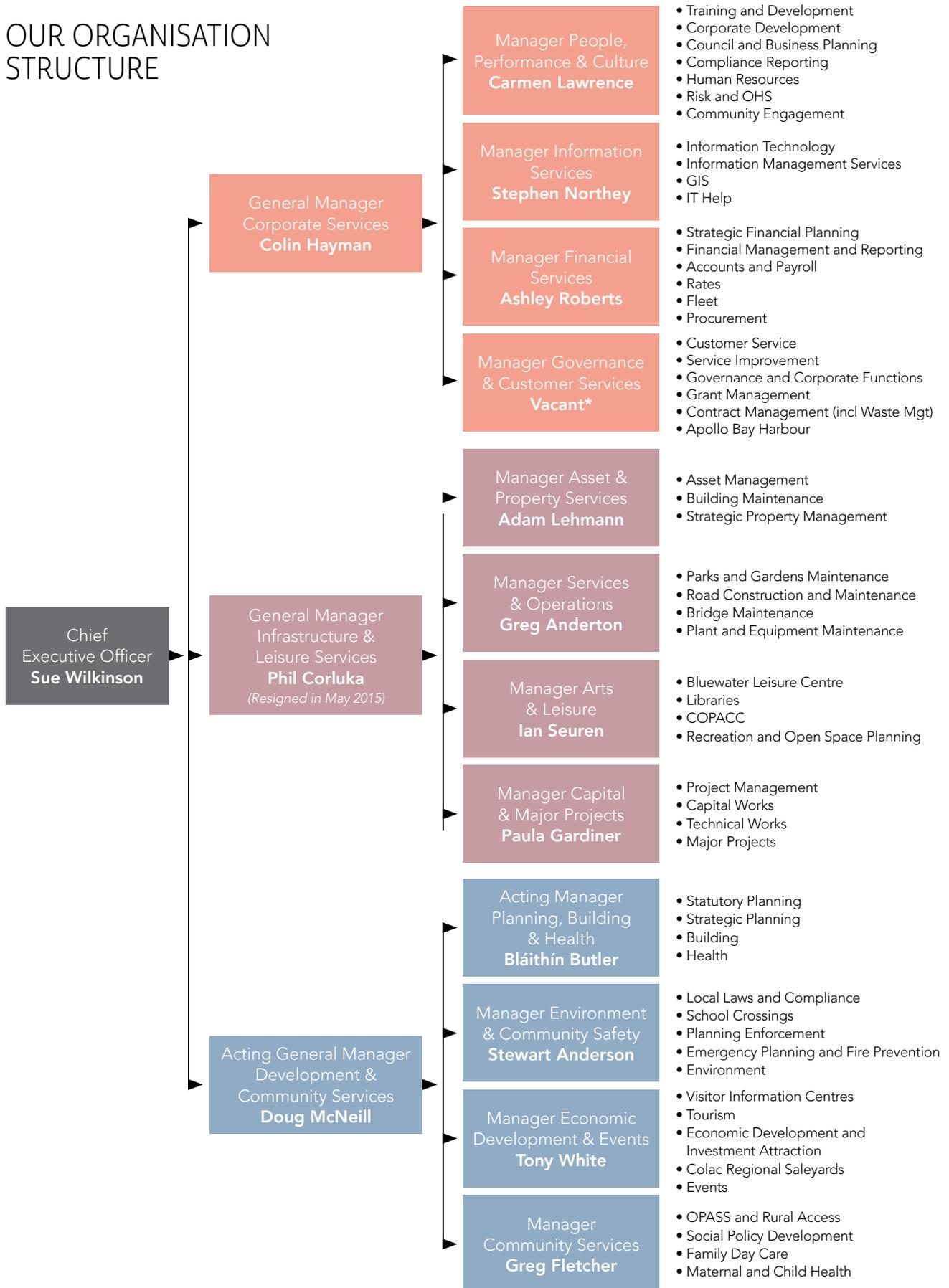
Major Functions: Statutory Planning and Regulations; Strategic Land Use Planning; Economic Development; Environmental Management; Building Surveying; Fire Prevention; Local Laws.

Doug temporarily stepped into the role when the former General Manager, Jack Green, retired in October 2014 until the appointment of the new General Manager in June 2015. Doug has broad experience, particularly in Planning. The appointment of Brydon King to the General Manager Development and Community Services role was announced in June 2015.



Right (top L-R): Sue Wilkinson; Colin Hayman.
(Bottom L-R): Phil Corluka; Doug McNeill.

OUR ORGANISATION STRUCTURE



*The appointment of Jenny Wood to the Manager Governance & Customer Services role was announced in June 2014.

OUR PEOPLE ARE OUR GREATEST ASSET

LEARNING AND DEVELOPMENT

Major achievements

- Our best ever response rate for our employee survey, at 71%.
- Introduction of the revised Flexible Work Options Policy and Toolkit.
- Delivery of the final "Let's talk" communication, conflict resolution and performance management programs.
- The diversity of activities and level of participation by staff, in our Health and Wellbeing Program.

WORKFORCE

The number of full-time equivalent staff (FTE) has slightly decreased to 220.38 FTE compared with 222.5 FTE in the previous reporting period. The generational profile of our workforce has remained consistent over the past five years; however it continues to highlight the ageing nature of our workforce, with 46% of staff in the Veteran and Baby Boomer categories. The ageing nature of our workforce and the generational profile is consistent with other Rural Councils across Victoria (source MAV Human Resource Management Benchmarking Survey Report 2014). Staff turnover was 8.5%, which is marginally lower than the 9.5% turnover rate reported for 2013/14 (see graphs on page 34).

Composition of our workforce is predominantly permanent full-time, at 69%, with 28% permanent part-time and 3% casual. Employment type by gender indicates that permanent full-time work is predominantly male, at 71%, with part-time and casual work predominantly female, at 88% and 78% respectively. The gender profile and composition of the workforce has remained consistent over the past five years and is reflective of the typical contemporary workforce. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women in part-time and casual positions is that this enables a better balance of work and family responsibilities (see graphs and tables on pages 33 and 34).

Recruitment

We advertised 37 positions in 2014/15, attracting 420 applications, including multiple applicants for positions traditionally difficult to fill. Vacancies ranged across Statutory Planning, Engineering, Health and Community Services, Environment, Tourism, Customer Service, Administration, Recreation and Arts. Initiatives promoting Colac Otway Shire as an 'employer of choice' to the local, regional, national and international employment market netted a significant return on our investment.

In reinforcing a best practice approach to recruitment and selection, we reviewed and implemented a new Recruitment Selection Policy, supporting Toolkit and associated compliance training. Approximately 60 staff who participated in recruitment processes were required to attend Behavioural Based Interviewing/Recruitment and Selection training, with 98% of participants rating the training as highly effective.

Student work placements

During 2014/15 we provided work experience placements for nine local secondary school students. The objective of the work placement program is to provide students with the opportunity to get practical workplace experience, building skills and knowledge to assist them to their further studies and career choices. Students gain valuable industry experience in a friendly and supportive team environment and learn more about employment opportunities at Council and in the local government sector.

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



Right: Our five workplace students with CEO Sue Wilkinson and Cr Brian Crook.

Industrial Relations

Employment conditions, pay rates and criteria for the classification of positions are all covered under our Enterprise Agreement.

There were no industrial relations issues or matters taken to the Fair Work Commission during the reporting period.

Equal Employment Opportunity

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

We identify ourselves as an 'Equal Opportunity Employer' in all external recruitment advertisements and ensure that all new employees are made aware of our EEO, Diversity and Inclusion and Unacceptable Workplace Behaviour Policies as a mandatory component of our induction program. In 2014/15, 100% of new employees participated in the induction process.

All staff are required to attend mandatory Equal Opportunity/anti-discrimination and unacceptable workplace behaviour refresher training every two years, with the next program scheduled for 2015/16. We also have a formal internal grievance process that enables staff to raise complaints. There were no EEO/discrimination related complaints raised during 2014/15. Compliance with EEO requirements is monitored by the People, Performance and Culture Department.

A staff profile by gender is provided on pages 33 and 34.

In June 2015 we commenced a comprehensive review of the EEO Contact Officer framework. The review will be finalised in late 2015.



Our Customer Assist Team rated second best in Australia!

Our customer assist team was named as one of Australia's leading customer service providers within the local government sector following an independent audit of 56 councils in Australia.

A specialist firm undertook random 'mystery shopper' calls to test staff skills in four areas:

- Greetings
- Manner
- Enquiry resolution
- Communication skills

Our customer assist staff in Colac and Apollo Bay not only increased their score by 30 points, they placed second in Australia.

They were also compared with 220 organisations across the country, including multi-nationals, and were ranked eighth, which is a true credit to the team's professionalism and high level of skills.

HEALTH AND WELLBEING

Our COShealth (health and wellbeing) program was an outstanding success. First introduced in 2013, our objective for this reporting period was to create the best Health and Wellbeing program ever and we succeeded. We registered more than 325 attendances, with many staff participating in multiple events. We had the most diverse range of activities yet on offer and staff provided us with overwhelmingly positive feedback and support for the program. This year's activities included:

- Skills in basic health and wellbeing management
- Financial Planning consultations
- Nutrition Awareness sessions
- Healthy cooking demonstrations
- 15 minute neck and shoulder massages were offered in March and May
- Yoga sessions
- Mental Health sessions
- Monthly "Stress Down" Casual Days
- Healthy Wrap Lunches
- Mindful Meditation program
- Boxing for Fitness Program
- Flu vaccinations
- Subsidised membership to Council's Bluewater Leisure Centre



Above: Competition was fierce in the Nutrition Awareness cook off. Ian Seuren and Adam Lehmann won the taste test for their dish.

Global Corporate Challenge

A highlight of the COShealth program is our participation in the Global Corporate Challenge® (GCC) - the world's largest and most innovative workplace health initiative. Taking a positive step to improve their health, 56 staff forming eight teams from across our organisation commenced the 100 day program in May. They recorded their daily activity levels and competed against their own co-workers, as well as over 30,000 teams globally, in a virtual walk around the world. The GCC has proved hugely popular and generated fierce, but collegiate, challenge amongst the competing teams. In the first 11 weeks of the challenge, participants had accumulated more than 50 million steps, equating to approximately 32,000 kilometres. A key objective of the GCC is to support and engage our staff in making long-term healthy behaviour changes.

Healthy fundraisers

Our employees raised over \$2,700 through their participation in a number of health awareness fundraisers including: Movember, Australia's Biggest Morning Tea, Ice Bucket Challenge, Jeans for Genes Day (fundraiser for Children's Medical Research Institute), Sids and Kids Red Nose Day.

SUPPORTING OUR EMPLOYEES

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

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

Flexible Work Options

We developed and implemented a new Flexible Work Options Policy and Toolkit to respond to requests from staff and Managers for more information about flexible work options, how to access them and how to implement them. The policy provides for options including purchased leave, phased/gradual transition to retirement, change of work hours, career break and working from home. The toolkit is a practical workbook designed to help staff and managers identify and work through potential obstacles and options relating to a specific request. It also provides guidance on the application process. Since implementation in November 2014, 14 staff have negotiated flexible work arrangements.

OCCUPATIONAL HEALTH AND SAFETY

At Colac Otway Shire we have an absolute commitment to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) Consultative Committee meets quarterly, with representation from all areas of our organisation. The Consultative Committee endorsed the 2014/15 OH&S Action Plan at the October 2014 meeting.

A major OH&S achievement during this reporting period was the implementation of Council's new incident and hazard reporting system, *SafetyMax*. The system has transformed the process for reporting incidents and hazards. Instead of the onerous task of completing a 10 page manual form, staff can now quickly and easily enter incidents and hazards via this fully automated online system. Extensive training was conducted for staff and we are already seeing a significant increase in the reporting of incidents and hazards, which is a very positive outcome.

Ongoing OH&S training is a key element in our continuous improvement approach to health and safety performance. During this reporting period 53 staff completed First Aid/CPR refresher training, eight staff completed Health and Safety Representative refresher training, four staff completed the 5-day Health and Safety Representative training course and one staff member completed Chief Warden training.

Days lost due to injury

We had a significant increase in days lost due to injury during this reporting period, a total of 186.2 full-time equivalent (FTE) days compared with 6.3 FTE days in 2013-2014 (refer table on page 34). This was due to two workplace injuries requiring extended periods off work.

SafetyMap surveillance audit

Council continues to maintain its SafetyMap certification. The annual SafetyMAP Surveillance audit, conducted in August 2014, resulted in a very positive outcome. There were no new non-conformances issued during the audit and one outstanding non-conformance from the previous audit was closed. Five Observations from the previous Audit were also closed and the auditor praised Council's performance in the following areas:

- OH&S meetings and noticeboards functioning well
- Actions taken to address issues at the Saleyards identified in the previous audit
- Management of Worksafe visits and Improvement Notices
- OH&S management systems
- Cosworks (outdoor works) operation.

Right: Bunya Bunya Pine is on the National Trust list of significant trees of Victoria.

EMPLOYEE OPINION SURVEY

We achieved an all-time best response rate of 71% for the employee survey conducted in March 2015, a massive improvement over the response rate of 52% achieved in 2013. All staff were invited to participate in the Staff Alignment & Engagement Survey (AES), conducted by specialist firm, Insync Surveys.

Survey results reflected strengths in employee engagement, culture of accountability and team leadership. Opportunities for improvement included investment in systems and performance culture.

All Managers, in collaboration with their Coordinators and team members developed action plans to target specific areas of improvement that teams can work on together.



APPRECIATING OUR STAFF

We continually look for opportunities to recognise, encourage and celebrate the achievements of our employees. We do this across all departments formally and informally as an action outcome of our Employee Survey. We also do this through our quarterly and annual recognition awards and functions. This year 59 employees were recognised for key service milestones at the annual Years of Service awards presentation:

35 Years:

Andrew Daffy and Ed Riches

30 Years:

Ray Leak, Gary Lucas and George Ashworth

25 Years:

Doreen Collins, Alan Collins and Robin Peskett

20 Years:

Robert Kairuz and Graeme Riches

15 Years:

Rosanna LoRicco, Peter Matchan, Sharon Bell, Debbie Frizon, Kristy Cochrane, Susan Stares, Paul Davies and Robert Hayat

10 Years:

Diane Earl, Victoria Whittaker, Toni Brain, Susan Johnson, Jodie Fincham, Karen Patterson, Colin Hayman, Janet Riordan, Deborah Legg, Lisa Healey, Tamara Stewart, Rhonda Waddell and Heidi Robinson

5 Years:

Mariza Bloomer, Eloise Wood, Rhonda Deigan, Michael Swanson, Hege Eier, Stephen Costigan, Harry Timmermans, Stuart Driscoll, Katrina Kehoe, Sharon McNamara, Russell Whiteford, Nicholas Moloney, Katherine Attrill, Maree Learey, Andrew Kavanagh, Jodee Armstrong, Daniel Roberts, Wendie Fox, Ian Williams, Leanne Allan, Keira Thomas, Steven Mahoney, Christine Towers, Clive Brooker, Belinda Donovan, Marion Bakker, Penelope Rhodes and Melanie Duvé

LEARNING AND DEVELOPMENT

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

A highlight in this reporting period was the completion of the suite of “Let’s Talk” programs for Staff and Managers. “Let’s Talk” has been a 2-year major development initiative aimed at building participants communication skills, with a focus on understanding the dynamics of communication, differences in communication styles, conflict resolution and performance management. 54 Staff completed the program this year, bringing the total to 120 participants over the two year period.

TERTIARY STUDY SUPPORT

In 2014/15, four staff received tertiary study assistance of \$9,120 excluding travel and on costs. Three staff completed their Diploma of Management, one staff member completed a Certificate IV in Human Resources and three staff completed, and one commenced, their Certificate IV in Training and Assessment.

Programs delivered during 2014/15 were:

Training	Attendees
First Aid/CPR	53
Health and Safety Representative Refresher	8
Health and Safety Representative 5-day course	4
Transition to retirement	15
Let's Talk for Managers and Supervisors	34
Let's Talk Program for Staff	15
Mental Health in the Workplace (health and wellbeing program)	15
Microsoft Office programs training	49
Emergency Warden	12
Beyond Blue Awareness for Managers and Supervisors	59
Time management	11
Emergency Relief Centre Training	40
Interview Skills/Recruitment and Selection Compliance training	62
Leading and Managing Change in the Workplace	20
PRINCE2 Foundation (Project Management)	9
PRINCE2 Practitioner (Project Management)	4
Adobe InDesign	9
Chief Warden training	1

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

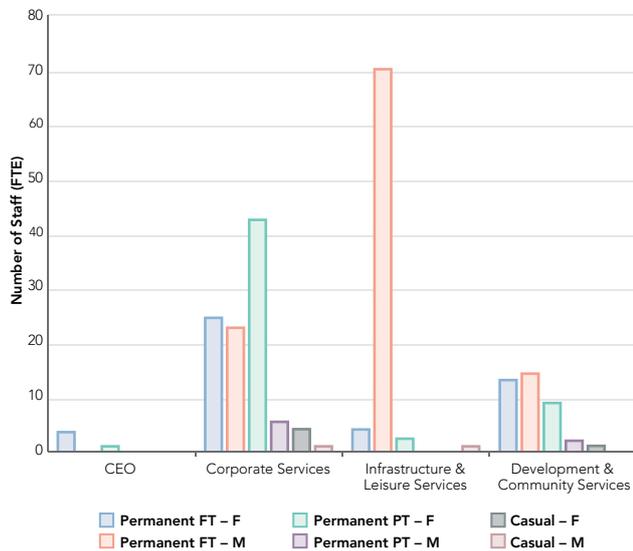
- Customer Service
- Risk and Occupational Health & Safety

Right: Years of Service presentation for 5 Years.

Our workforce by employment type, gender and organisational structure

Employee type/gender	CEO	Corporate Services	Infrastructure & Leisure Services	Development & Community Services	Total
	FTE	FTE	FTE	FTE	
Permanent FT - Female	3	24	4	13	44
Permanent FT - Male	-	23	70	14	108
Permanent PT - Female	1	43	2	9	55
Permanent PT - Male	-	5	-	2	7
Casual - Female	-	4	-	1	5
Casual - Male	-	1	1	-	1
Total	4	100	77	39	220

Legend: FT – Full-Time; PT – Part-Time.



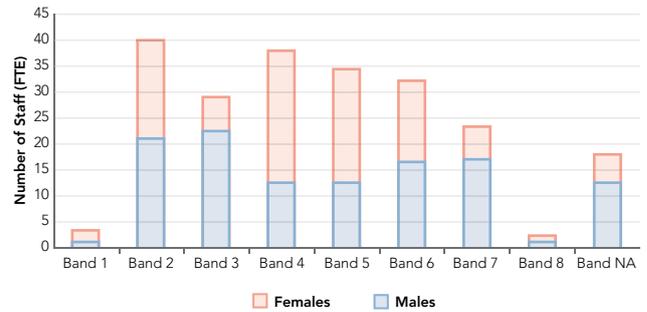
The data has remained consistent over the past five years and reflects the typical contemporary workforce. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities.



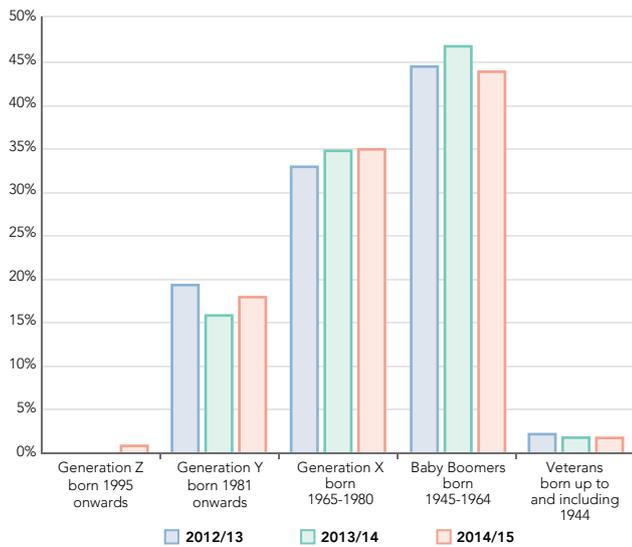
Staff by employment category and gender

Employment Classification	Female FTE	Male FTE	Total FTE
Band 1	2	1	3
Band 2	19	21	40
Band 3	7	22	29
Band 4	25	12	38
Band 5	22	13	34
Band 6	16	16	32
Band 7	7	17	23
Band 8	1	1	2
Band not applicable	6	12	18
Total	104	116	220

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

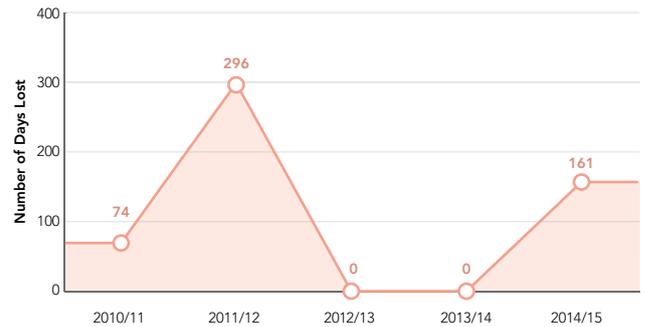


Our workforce by generation



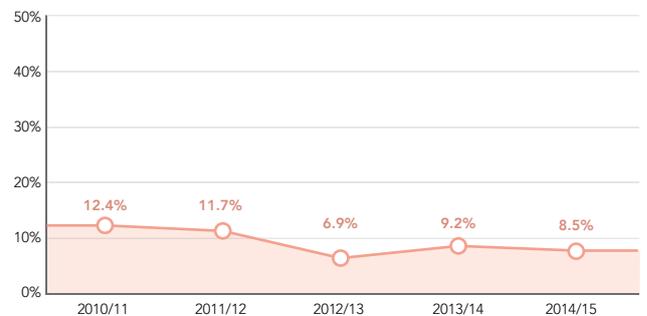
The profile highlights the ageing nature of our workforce and the looming significant loss of skills and expertise as our Baby Boomer population moves towards retirement.

Days lost due to injury



We had a significant increase in days lost due to injury during 2014/15, with a total of 186.2 full-time equivalent (FTE) days lost compared with 6.3 FTE days in 2013/14, due to two workplace injuries requiring significant periods of time off work for recovery.

Annual staff turnover rate



Our turnover rate has remained relatively consistent over the last three years, which is comparable with the local government sector.

THANKING OUR VOLUNTEERS

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

This year 512 volunteers, 114 more than last year, provided invaluable support to Council in the delivery of a range of services and programs, including:

Supporting our environment

385 School children (both primary and secondary) helped with revegetation projects. In 2014/15 this included a large focus on Barongarook Creek, which has undergone major revegetation works, and planting trees on National Tree Day. Other environment protection activities on Council-managed land included Clean Up Australia Day, collecting dead carp and clearing carp barriers on Barongarook Creek.



Recreation groups

18 Volunteers played an important role on the Old Beechy Rail Trail and FReeZA committees.

FReeZA

The FReeZA committee organise music and cultural events for young people within a safe environment. For the six months FReeZA remained under Council auspices, the committee organised the Battle of the Bands, the COOL (Colac Otway Outstanding Leadership) Awards, a Movie Night (part of the Birregurra Festival) and 'Bands Bash', an end of year celebration.

Above (L-R): Enthusiastic planters Corey Haslem, Ashley Hutchinson, Annie Flaherty and Nikki Pearce from Colac West Primary School.

Right (top to bottom): Old Beechy Rail Trail enhancement project was officially opened in March 2015; The Meals on Wheels program delivers meals to those in need.

Old Beechy Rail Trail

The Old Beechy Rail Trail enhancement project, which concluded in March 2015, provides a safer and more enjoyable experience for riders and walkers along 50 kilometres of trail between Colac and Ferguson. The trail follows much of the original path of the narrow gauge railway "The Beechy", which operated from 1902 until 1962. The project has resulted in sections of the trail being upgraded and 11.6 kilometres being rerouted off-road.



The Old Beechy Rail Trail Committee continues to promote the Trail for recreation, events and tourism purposes, and the Friends of the Old Beechy Rail Trail assist with the maintenance, civil works and caretaking of the trail.

Support for the aged and persons of all abilities

41 Volunteers provided essential support through the delivery of "Meals on Wheels" and community transport services.

Meals on Wheels

A change to the Meals on Wheels program has cold meals delivered to the fridge, enabling clients to heat and eat the meal at a time of their convenience. This change has enabled our volunteers to spend more time with clients, performing small services for them such as turning off the garden hose etc. Volunteers also monitor the wellbeing of those they visit and report back to council if the person is unwell, has a stranger in the house or is in need of additional support.



Community transports

In a rural area with large distances to some services, the importance of the community transport program cannot be overstated. Our volunteers provide a door-to-door service for clients, carry shopping in for them and support their health needs if required. Some clients required specialist medical appointments, which resulted in transports to Melbourne or to large regional cities such as Warrnambool, Ballarat and Geelong.

Tourism support

27 Volunteers provided vital support to tourism services at the Colac and the Great Ocean Road (Apollo Bay) Visitor Information Centres (VIC's).

The VIC's run seven days a week, only closing on Christmas Day. Our volunteers provided customer service, promoted the region and shared their local knowledge. They also gave out New Residents Kits and assisted in retail sales. An 'Information While You Wait' program ensures that maps of the region are placed at the railway station and in health clinics, with these topped up weekly.



Above : Volunteers from both the Colac and Apollo Bay Visitor Information Centres on a learning tour at Red Rock.

Right: 2015 Australia Day Citizen of the Year recipient Denise Green.

AWARDS AND RECOGNITION

Australia Day Citizen of the Year



Denise Green is Colac Otway Shire's 2015 Australia Day Citizen of the Year. Denise is an active volunteer with a diverse range of interests spanning a period of 50 years.

A nurse by profession, her early volunteering had a strong focus on children, with roles at Colac's Infant Welfare Centre, Winifred Nance Kindergarten, Trinity College and the St Mary's Parish Council. Denise was also a founding member, chair and deputy chair on the Colac Road Safety Council and was heavily involved in child restraint checking and bicycle education in schools, in line with her passion for child safety.

In more recent years, Denise's volunteer efforts have had a strong focus on the Colac Botanic Gardens, leading her to become a founding member of the Friends of the Botanic Gardens.

Young citizen of the year

Teri Jackson is Colac Otway Shire's Australia Day Young Citizen of the year and received the award for her commitment and passion for helping others achieve in dance, sport and swim safety. Teri is a former house captain at Colac Secondary College and during Year 12 she spent each Thursday morning helping local primary school children prepare for the Victorian State Spectacular. At the end of Year 12, Teri participated in the Colac Rotary Club's Alternative to Schoolies trip to Thailand. There, she helped build a playground for children living at an orphanage.

Community Service Award

Noel Lidgerwood received the Community Service Award for his services to the Birregurra community, which span the local football netball club, community group, hall committee, primary school and the popular Birregurra Festival and Art Show. For many years Noel drove a community bus to help older folk access Colac for shopping on Thursdays. Noel has also been instrumental in the organisation and exponential growth of the Birregurra Festival and Art Show, and is considered the go-to man for signs, fences, toilets, power, hay bales and generators.

Sporting Service Award

John Langdon was awarded the Sporting Service Award for his 50-year involvement in sport. John's interests span the roles of player, administrator and officiator across football, lawn bowls, cricket, squash, tennis, cycling, basketball, athletics, golf and horse racing. He is a life member of the Colac and District Football League, where he served 11 years as secretary and treasurer. John also served for two years as the Hampden District Director and for another two years as a committee member with the Lorne Football Netball Club. John has similarly made his presence felt in lawn bowls as a player and an administrator with both the Colac Bowls Club and the Lorne Bowls Club.

Inaugural Arts Award

A new Australia Day Arts Award was introduced in 2015 and the inaugural winner was Andrew Beale, whose vision enabled the Red Rock Regional Theatre and Art Gallery (RRRTAG) to come into being. Andrew transformed the former Cororooke church into a theatre and art gallery, with the theatre named in memory of his late daughter, Carolyn. The not-for-profit facility caters for arts, music and performance artists at a minimal cost to users. RRRTAG has proved to be a vibrant arts and performance venue connecting creative people and making the arts more accessible and affordable.



Above (L-R): Noel Lidgerwood, Teri Jackson, Andrew Beale, Jack Raison and John Langdon.

Right: Young Ambassador of the Year Matthew Cartwright.

Certificate of Appreciation

Jack Raison was awarded a Certificate of Appreciation for his involvement in the Robotics Club at Trinity College for the past five years, serving as club president for the past three years. The Robotics Club has experienced spectacular success, winning the last two Victorian Robotic Soccer finals and also the last two Australian Championships - beating Chinese and South Korean teams. Jack has represented Australia in Kuala Lumpur and Jakarta, where his team made the final eight, from more than 400 teams, losing to the eventual World Champions, Russia 7-6.

Despite his commitments studying Year 12 last year, Jack remained committed to the robotics team and its regular training sessions. Jack plans to study science at Melbourne University, on his way to an engineering, mechatronics or IT degree.

Eleven new citizens call Australia home

As part of the Australia Day celebrations, eleven new citizens formally made Australia home. Our new citizens have come from India, China, Thailand, Afghanistan, Britain, Vanuatu and the Philippines to join our community. Mayor Frank Buchanan said "the region was proud to welcome its new citizens who helped to enrich the cultural tapestry of the region".

Young ambassador of the year

Matthew Cartwright was the winner of the Colac Otway Shire's Young Ambassador Award for 2014/15. Matthew has received awards for community involvement and academic excellence. He has a passion for social justice and last year travelled to Uganda as a youth ambassador for World Vision.

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



YOUTH COUNCIL

The aim of the Youth Council is to provide a forum for Council to consult with, and receive advice from, our young people. It promotes and encourages their involvement in the planning, development and implementation of matters directly relevant to young people in the community. Youth Council appointments are for the calendar year, making both the 2014 and 2015 councils active during the 2014/15 financial year. Youth Councillors were inducted in March of each year.



Above: 2014 Youth Council Members (back row): Emma McMaster, Nicholas Lenehan-Anderson, Georgia Cahill. (Front row): Rachael Richardson, Laura Ladhams (Chair), Emily Beale, Spencer Cochrane.

2014 Youth Council

Major achievements of the 2014 Youth Council

- Providing assistance with the opening of the Colac Youth Health Hub.
- Providing assistance with FReeZA's Battle of the Bands.
- Active participation in the Anzac Day Dawn Service and March.
- Attendance at a Melbourne homeless shelter.
- Tree Planting at Bimbi Park.
- Organising for youth input into the Colac CBD and Entrances Project.
- Providing assistance with the Cool and Young Ambassador Awards.

Additional members of the Youth Council in 2013/14 included:

- Councillor Lyn Russell, an appointed Council representative and a mentor to the group.
- Rhonda Deigan, Colac Otway Shire.
- Tabitha Morgan, Colac Area Health.
- Terry Woodcroft, Co-PYLIT (Colac Otway Police Youth Liaison Team).

2015 Youth Council



Above: 2015 Youth Council Members (back row): Bradley Nelson (Deputy Chair), Shane Richardson (Chair), Nicholas Lenehan-Anderson (Secretary), Khalid Eldib, Rachael Richardson. (Front row): Emily Raison, Emily Tuck, Alice Kavenagh, Caitlin Rippon.

Major achievements of the 2015 Youth Council March to June 2015

- Active participation in the Anzac Day Dawn Service and March.
- Providing assistance with the Long Road Appeal Ball.
- Tree Planting at Bimbi Park.

Additional members of the Youth Council in 2015 included mentors to the group:

- Councillor Lyn Russell, an appointed Council representative.
- Maree Redmond, Colac Otway Shire.
- Emma Warton, Colac Area Health.
- Terry Woodcroft, Co-PYLIT (Colac Otway Police Youth Liaison Team).

Further projects for the 2015 Youth Council

- Organising for youth input into the Lake Colac Masterplan Project.
- Donation of funds to the Neighbourhood House Community Dinner project.
- Providing assistance with FReeZA's Battle of the Bands.
- Providing assistance with the 2015 Youth Expo.
- Participation in the Peer to Peer Mentoring event.
- Conducting a Youth Community Conversation to engage with young people about youth issues in Colac Otway Shire.
- Coordination of a major event "Youth Without a Roof" in November 2015 to raise awareness for Youth Homelessness in the Colac Otway Shire.

The Youth Council meets fortnightly excluding school holidays.

SUSTAINABILITY REPORT

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

SOCIAL STRATEGIES

Policy commitment

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

Human resources

The introduction of the new Flexible Work Options Policy and accompanying Toolkit in November 2014 has had a very significant impact on raising staff awareness of flexible work options available and how they can be accessed. This is evidenced by the fact that 14 staff successfully applied for a flexible work arrangement, more than double the number prior to the introduction of the new policy and guidelines (see page 30).

Workforce Profile

The workforce turnover rate for 2014/15 was 8.5%, a reduction of 0.7% compared to 9.2% in 2013/14. This is consistent with trends over the past five years.

In the 2012-2013 report we commenced aligning our workforce demographic reporting with the MAV Human Resources Benchmarking Survey. This change was to enable us to compare our workforce profile directly with Councils of a similar size. The survey report is not available until December 2015 meaning that whilst we are able to provide our data for 2014/15 we can only compare data with other similar councils for 2013/14.

In 2013/14 our demographic profile was generally consistent with councils of a similar size. Our percentage of Veterans was slightly higher, by .5% and Baby Boomers by 3%. For Generation X we were 3% lower than average and 1% lower for Generation Y. The data also indicates a continuing ageing workforce, with 49% of staff in the Veteran and Baby Boomer Group; slightly higher than the 45.5% average for like councils.

Occupational health and safety

Providing a safe and healthy workplace for our staff, contractors, volunteers and visitors is a major focus. Our Occupational Health and Safety Consultative Committee meet quarterly, with all areas of our organisation represented on the committee through designated work groups. Safety training is a vital component of the program and staff participated in a range of training and activities during 2014/15 (see page 31).

Learning and development

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

In 2014/15 an increased number of staff participated in learning and development opportunities. By sourcing highly skilled facilitators and reducing staff travel costs associated with training, we were able to conduct a greater number of programs "in-house" across a more diverse range of topics than in 2013/14 and at less cost.

Our spend on learning and development in 2014/15 (inclusive of on-costs) was \$289,795 amounting to \$5,926 less (approximately 2%) than in 2013/14. Feedback data collected on the learning and development programs conducted in-house indicated that approximately 95% of programs were rated as very good or excellent.

The mix of learning and development options offered included a larger number and mix of in-house training and releasing of staff to attend "short courses", seminars and conferences. Staff are also strongly encouraged and supported to participate in further education through the provision of tertiary study assistance. Given the outstanding success of our 2013/14 pilot program, Transition-to-Retirement, and the ageing nature of our workforce, this program was conducted again in 2014/15 and will be offered each year on an ongoing basis (see page 32).

SOCIETY STRATEGIES

Planning and support for our community

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

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

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

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

Positive Ageing Ambassador Program

The aim of this program is to maximise the involvement of older people in generating projects that will make a positive difference to the quality of life, participation, health and well-being of older people.

We recruited 12 Ambassadors from small towns and communities throughout the Shire to talk with their friends and community members on how best to develop projects to benefit older people. A number of projects were implemented addressing issues such as accessibility, developing age friendly environments, social inclusion and intergenerational activities. These were documented in the Positive Ageing Ambassador DVD, which is included on the Department of Health - Seniors Online website <http://www.seniorsonline.vic.gov.au/Home/News-and-Opinions/Your-place/Opinion-Features-and-Blogs/Article?Key=108>

The Department of Health allocated funding to Council to develop an approach that continues to include older members of our community in decision making around the needs of an ageing community. This will include the production of a toolkit on how to recruit, develop and engage with Positive Ageing Ambassadors. The ambassadors will participate in ensuring age friendly outcomes throughout the shire.



Grants and donations to the community

To assist our community undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups and organisations. In 2015 we gifted a total of \$408,005 to our community; \$127,711 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 \$280,294 was allocated to support community events and organisations. Aggregated over the last five years, this is a \$2.18 million investment in the social fabric of our community.

Above: Our Positive Ageing Ambassadors visiting Apollo Bay.

Right (L-R): Council's Environmental Sustainability Officer, Dora Novak, Mayor Frank Buchanan and Cr Stephen Hart pictured with the completed solar array installation on the Rae Street Council offices in Colac.

ENVIRONMENTAL STRATEGIES

Environmental Sustainability Policy

Our Environmental Sustainability Policy has been in place since June 2012. It documents an organisational commitment to addressing sustainability in all council operations and services. It is a 'Statement of Intent' that can be used to communicate to staff and the community a commitment to continually improve environmental sustainability over time. Council's target is to be carbon neutral by 2020. http://www.colacotway.vic.gov.au/Files/Environmental_Sustainability_Policy_2012.pdf

Rae Street Solar Installation

We now have 370 solar PV panels on the roof of the Colac civic precinct, which includes the Rae Street Council offices and the Colac Otway Performance and Civic Centre (COPACC). These two complexes are responsible for the majority of Council's electricity consumption. The system cost \$160,000 and generates emission free, renewable energy. It was officially switched on in early January 2015 and is expected to pay for itself in approximately five years.

Street Lighting Upgrade

Colac Otway Shire is one of six Great South Coast councils sharing Federal Government funding of \$1.4 million to upgrade a combined 7,500 lights as part of the Great South Coast Street Smart Lighting Project.

In August 2014 we replaced 1,374 80W Mercury Vapour (MV) residential streetlights with new energy-efficient LED lights. The new lights cut energy usage by 70 per cent compared to the 80-Watt mercury vapour lamps they have replaced. LEDs also provide a greater uniformity of light and visibility in our residential streets. Council will reap substantial cost savings which will continue to rise over time as energy costs increase. The new lights will pay for themselves within the next 3-4 years.

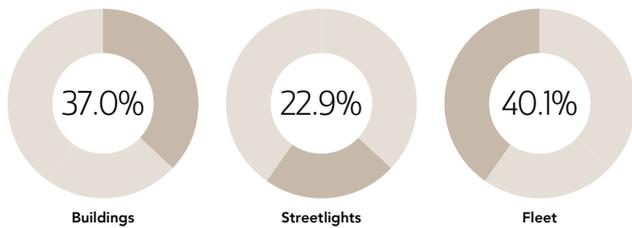


Total greenhouse emissions (CO₂-e tonnes)

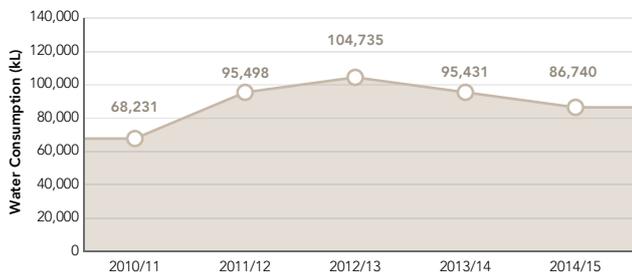
	Buildings	Streetlights	Fleet	Total
2010/11	2,088	1,058	1,963	5,109
2011/12	1,974	1,067	1,604	4,646
2012/13	1,959	1,048	1,578	4,585
2013/14	1,683	1,011	1,414	4,109
2014/15	1,403	869	1,520	3,792

During the last five years our greenhouse gas emissions have reduced by 74%.

Proportion of Greenhouse Emissions (CO₂-e tonnes)



Total water usage for council facilities (kilolitres)



Water usage decreased by 10% from 2013/14, largely due to water harvesting from the new roof at the Colac Regional Saleyards.

In 2010/11 a particularly wet summer significantly reduced the need for irrigation.

Source: 2015 Planet Footprint Report.

ECONOMIC STRATEGIES

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

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

Sustainable growth

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

The Colac Central Business District and Entrances Redevelopment project has commenced, with detailed design completed and works planning commenced. The project is designed to implement streetscape and amenity improvements in central Colac and to provide an inviting sense of arrival at the town’s entry points. It will draw on consultation with Colac traders and community members to create a sense of arrival and a sense of pride in Colac.



Right: Regional Victoria Living Expo.

We participated in the Regional Victoria Living Expo in Melbourne to raise awareness amongst potential new residents and investors of the opportunities in the shire. This has been supplemented by a range of social media and other promotional activities that support the shire as a place to live, work and invest.

Another key challenge area is the ongoing development of the local tourism industry to take advantage of growth markets and changes in existing markets. The shire's two Visitor Information Centres continue to provide information to around 174,000 visitors per year but this is trending down (a drop of 15% over the last five years) as visitors seek more information online.

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

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

Business development

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

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

Sustainable labour force

As one of the major employers in the shire, Council contributes to the local economy through drawing the majority of its employees from the local community or region, creating a relatively stable workforce with a focus on equal opportunity (see pages 28 and 29).

In 2015 planning began on the development of a new Economic Development Strategy that will examine, amongst other things, how the shire can best support the diverse local economy to grow in a way that creates sustainable jobs, and what resources will be required for this task.

Work performed as part of the shire's Advancing Country Towns project indicated that key growth sectors will centre on tourism in particular, although not limited to the coastal area and the Otway Ranges in the south of the shire, and food processing around Colac.

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

Regional Engagement

The shire continues to participate in regional level bodies including G21, the Great South Coast Group and Great Ocean Road Regional Tourism. This allows for cooperation and collective advocacy over an area that stretches from Melbourne's fringes to the South Australian border. This high level cooperation also promotes efficiency in collective research, marketing and strategy development through projects such as the Great South Coast Food and Fibre Strategy and the Great Ocean Road Strategic Master Plan. These were commenced in early 2015, with completion due in late 2015. Both projects leverage small investments from individual councils to deliver significant regional level strategic work that would be beyond the means or capability of individual councils.

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

Procurement

A Procurement Policy and Operational Procedures were originally adopted in 2010 and are reviewed annually. These documents set out a 'green' approach to the purchase of products and services. Within the context of value for money, Council prefers to purchase products that have good environmentally sustainable credentials and to select suppliers who adopt good environmental practices. http://www.colacotway.vic.gov.au/Files/Procurement_Policy_2015.pdf

Council recognises the need to support local industry and is committed to buying from local businesses where purchases may be justified on a value for money basis. Benefits of buying local include:

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

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

Long Term Financial Plan

The Long Term Financial Plan (LTFF), provides a long-term focus on the prospects and ambitions of the Colac Otway Shire Council and our community.

This long-term strategic planning tool is a continuous planning journey aimed at focussing attention on the shire's future needs. It is expected that future councils will build upon the plan and that Strategic Resource Plans and annual budgets will have the LTFF as their keystone document.

The purpose of the LTFF is to:

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

Right: The Giant Spear Lily in our Botanic Gardens is a hardy plant native to New South Wales and Queensland. It is listed as vulnerable due to the fact that it occurs in so few regions of Australia.



CORPORATE PLANNING AND REPORTING

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

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



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

Performance Report	Content	Audience	Interval
Council Plan Key Actions and Operational Report	Report of operations Achievement in line with Council Plan strategies Victorian Local Government Indicators Legislative compliance Financial management Performance Statement	Colac Otway community, Council, State Government, businesses, partners and visitors	Annually by 30 September
Financial Management	Financial position	Council, CEO and General Managers	Monthly to the Executive and Council
Council Plan Key Actions and Operational Report	Achievement in line with Council Plan strategies	Council, CEO, General Managers and Managers	Quarterly
Department Report	Progress according to Department actions	CEO, General Managers and Managers	Monthly
Employee Personal Plans	Progress against personal plan actions	Employee and their Manager	Twice a year
Capital Works	Progress according to implementation schedule and expenditure	Council, CEO, General Managers and Managers	Monthly to the Executive and Quarterly to Council

New legislation introduces the Local Government Performance Reporting Framework

The Victorian Government introduced the Local Government Performance Reporting Framework (LGPRF) to ensure that all councils measure and report their performance on a range of services in a consistent way.

Legislation was enacted to support the framework, with the *Local Government Amendment (Performance Reporting and Accountability) Act 2014* and the *Local Government (Planning and Reporting) Regulations 2014* coming into operation on 18 April 2014.

Broadly, the framework consists of service indicators, which appear in the report of operations performance section of the report (commencing on page 52), a governance and management checklist, shown in the Corporate Governance section (see page 82) and a range of financial, service and sustainability indicators that form the audited Performance Statement (see page 171).

The performance section of the report of operations mirrors the four pillar structure of our Council Plan 2013-2017 http://www.colacotway.vic.gov.au/Files/Council_Plan_2013_2017_Revised_20150624_Final.pdf, and the LGPRF service results have been allocated relevant to the services provided under each pillar.

Schedules 1 - 3 of the Regulations require a specific reporting format for the LGPRF indicators and these are modelled in the *Local Government Better Practice Guide 2014-15*. We have complied with this format.

This is the first year that Victorian councils are reporting against the framework. The State Government *Know Your Council* website will be launched in November 2015, making comparative results with like-sized councils available online.

COUNCIL PLAN PERFORMANCE REPORTING

1 | GOOD GOVERNANCE

OUR GOAL

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

STRATEGIES

Four strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2014/15 can be viewed on page 51.

SERVICES

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

- Governance
 - Corporate
 - Democratic
- Local Laws (ensuring adequacy and currency of laws)
- Resource Management (maintaining the assets we use to deliver services to the community):
 - Assets e.g.:
 - Plant*
 - Vehicles*
 - Information Management Systems*
- Our People
- Finance

HIGHLIGHTS

Glowing audit results for our Electronic Content Management capability

Results of an audit of our Electronic Content Management (ECM) capability, undertaken in May 2015, placed our organisation as one of the top achievers (across all participating councils) to attain a ranking of 'Optimised' in any of the measures! The purpose of the audit was to assist agencies to increase capability in managing electronic content (records) to support digital business. Council is an active participant in the Municipal Association of Victoria ECM Step Program.

Enhanced Asset Management Data

The introduction of the new corporate asset management system created a need to enhance or retain the quality of data recorded for various asset types. During 2014/15 a combined effort of Finance and Asset Management staff refined the quality and accuracy of Council's assets information. This information helps support long-term financial forecasting and decision making. The collection of asset information is an ongoing exercise to ensure we have current data.

Maintaining our major plant assets

Major plant is routinely replaced, usually on a rolling 10-year program, to ensure safe, reliable and efficient equipment is available to undertake our asset maintenance and reconstruction responsibilities. The following major plant items were purchased during 2014/15:

John Deere Grader	\$335,775
Toro Tri Deck Mower	\$88,900
Toro Zero Turn Mower	\$16,689
Total	\$441,364

The Toro Tri Deck Mower has proved 25% more efficient than the previous model. It is capable of cutting up to 3.6 metres (or up to 12 feet) in a pass.

New performance reporting requirements

The introduction of the Victorian State Government Local Government Performance Reporting Framework (LGPRF) has generated significant work to ensure systems are in place for the collection of the required data.

The collection and reporting of LGPRF data became mandatory commencing from 2014/15 and this is the first year of reporting against the framework. It currently contains 94 indicators, 29 of which are subject to audit. It is also a legislative requirement for this information to be included in the report of operations performance section of the Annual Report (see page 52 for the indicators relevant to Governance).



DISAPPOINTMENTS

Delay in asset management system enhancements

Council has made significant ground in consolidating all of its assets related information into a single centralised register. Further gains were expected to be made in implementing additional system enhancements; however some functionality issues resulted in this not being fully realised.

CHALLENGES

Property management to be centralised

Centralisation of property management accountabilities will provide a number of benefits across the organisation. Key projects during the next 12 months will include a strategic review of Council's property portfolio, an operational review of lease and tenure arrangements dealings and improving the interaction between Council and its various Committees of Management.

Bluewater Leisure Centre redevelopment

The construction phase of the redevelopment of the Bluewater Leisure Centre is being project managed by Council. The complex nature of the build and other site conditions have presented a wide range of challenges to overcome, with some challenges still to be resolved.

A quality build is being achieved on site and excitement is building in readiness for the opening of the facility to the public.



Left: Australia Day celebrations (photo: Brad Wilson).
Above (L-R): Cr Terry Woodcroft and Adam Lehmann, Manager of Asset & Property Services and project engineer for the redevelopment, by the new warm water pool at Bluewater Leisure Centre.

Commencement of Essential Safety Measures Audits

Council is about to commence auditing commercial premises within the shire for compliance with Essential Safety Measures (ESM) requirements of the *Building Act 1993*. Proactive enforcement of ESM requirements has been identified as a risk in Council's risk management process. Initial work has focussed on setting up a prioritisation framework and audit process, with the highest risk premises being subject to audit requirements.

Maintaining existing information systems

The ever changing technology environment, combined with striving for improvements to deliver efficient outcomes and meet the growing demand for and reliance on enhanced technological capabilities within council, is a significant challenge.

THE YEAR AHEAD

- Sustainability Strategy responding to rate capping developed and adopted by Council.
- Develop an advocacy strategy for the forthcoming Federal election.
- Essential Safety Measures Audits commenced.
- Implementation of Council's new asset management system, Stage 3.
- Review Council's Risk Management framework for potential key fraud and corruption gaps.
- Centralisation of Council property management services.

FAST FACTS

- 98.5% rates collected by year end
- 14,923 property assessments
- 1,099 non-rateable property assessments
- 1,043 land information certificates issued
- 28,865 debtor invoices issued
- 6,751 supplier payments processed
- 67,900 receipts issued
- 109 new properties mapped
- 102,650 items of both inwards and outwards correspondence processed.



A COMMUNITY FOCUS

Council recognises that genuine and effective community engagement benefits both the organisation and our residents and ratepayers. During the past 12 months Council has introduced several new initiatives to build stronger relationships with our community by making it easier for people to talk to Council and to provide input and access to important information. This directly responded to feedback we received through the annual Local Government Community Satisfaction Survey (see table page 51).

Introducing

Community Conversations

We were thrilled with the success of our community conversations, which took place in Colac, Apollo Bay and other small towns throughout the shire. Council talked to more than 250 people across 13 Community Conversations and gained a deeper understanding of the things that truly matter to our community.

Service Snapshot and Community Newsletter

We recognise it is important that our community understands what Council does, and so we committed to providing a quarterly service snapshot and a community newsletter. The service snapshot gives a broad overview of the services we provide paired with numeric measures. For example, during the April to June quarter of 2015, we re-homed or returned 134 animals to their owners, sold 11,691 cattle at the Colac Regional Saleyards, and determined 83 planning permit applications. Production of the newsletter is well underway, with the first edition scheduled to be published in August 2015.

Website redevelopment tailored to community needs

Council is currently redeveloping its website with the aim of providing online services that are more visually engaging, practical, and easy to interact with and use.

Right: CEO, Sue Wilkinson, with the inaugural Service Snapshot.

Our new website has been designed in collaboration with the community, who helped us test the usability of our site to ensure that the blueprint and menu structure for our new website is tailored to the needs of our community. Ultimately, we're looking forward to offering the community the ability to pay bills and lodge applications online so people can easily transact with council through mobile technology.

Innovative community engagement

During the reporting period we also tried a number of new and innovative approaches to community engagement, the Lake Colac Foreshore Project being a shining example. Our community enthusiastically embraced a canvas wall hanging in COPACC where they could write or draw their ideas and visions for the foreshore. Engagement for this project also included regular use of Council's Facebook page, online and paper surveys, media, a live radio broadcast from Murray Street and extensive consultation with local schoolchildren. As a result we received hundreds of fantastic ideas and submissions.

We are committed to ensuring that the Colac Otway community always feels listened to and engaged.



Progress against our 2014/15 commitments

Activity	Progress
Strategy: Transparent and accountable decision making.	
Finalise the review Local Law No. 4 – Council Meeting Procedures and Common Seal.	100%
Target: Review of Local Law No. 4 completed.	
Strategy: Prudent and accountable financial, asset, risk and resource management.	
Implement Council's Risk Management System.	100%
Target: SafetyMax incident reporting system implemented. Meet budget of \$23,900 +/- 1.5%	
– Project completed eight weeks ahead of schedule. – \$17,500 expended. Savings of \$6,400 due to the reduced cost of labour to implement the project.	
Implement Council's internal audit program.	90%
Target: Complete internal audits as per audit schedule. Respond to all audit recommendations. Meet budget of \$50,000 +/- 5%. – All internal audits commenced, with two to be finalised in July 2015. Responses to all audit recommendations provided to Executive and the Audit Committee. \$45,000 of budget expended.	
Staged implementation of the National Asset Management Framework.	50%
Target: Stage 2 of Asset Project completed. Meet budget of \$25,000. – Systems developer (Civica) visits to implement the Strategic Asset Management (SAM) module were deferred to November 2015 while attribute and condition data is uploaded. Once data is uploaded and SAM is enabled, this will complete the implementation of the Asset Management modules. \$4,500 of the budget has been expended.	
Develop a revised Closed Landfill Rehabilitation Plan.	100%
Target: Closed Landfill Rehabilitation Plan completed.	
Strategy: Embed an organisation culture of high performance, service excellence and safety.	
Ensure PRINCE2 project management compliance in all new major grant applications.	100%
Target: All new grant applications compliant with Colac Otway Shire PRINCE2 methodologies. – Major grant applications used PRINCE2 documentation as key supporting documents.	

Comparative performance statistics

The following table compares our performance with councils of similar size and the state-wide average. The source of the data is the Local government Community Satisfaction Survey. Local Government Victoria altered the councils included in the category 'Large Rural Shires' in the 2015 survey. As such, we are advised that results for our cohort are not directly comparative to previous years and cannot be included.

	Colac Otway Shire		Large Rural Shires	State-wide
	2013/14	2014/15	2014/15	2014/15
Overall Performance of Council	48	53	56	60
Advocacy on behalf of the community	50	51	53	55
Community consultation	49	50	54	56
Customer service	62	64	67	70

Results are an indexed mean; highest score is 100. Source: Local government Community Satisfaction Survey 2015, Department of Planning and Community Development, prepared by JWS Research.

Local Government Performance Reporting Framework

As noted on page 46 the following Governance indicators form part of the new reporting requirements for all Victorian councils. This is the first year reporting against the framework. Trend data will become available with successive years' results. The reporting format is prescribed in schedule 2 of the *Local Government (Planning and Reporting) Regulations 2014*.

Service / Indicator / measure	Result	Material Variations*
Governance		
<p>Transparency</p> <p><i>Council resolutions at meetings closed to the public</i></p> <p>[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</p>	12.04%	Results indicate a low percentage of meetings closed to the public because they have particular sensitivities, such as commercial-in-confidence.
<p>Consultation and engagement</p> <p><i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]</p>	50	This result is per the Local Government Community Satisfaction Survey 2015.
<p>Attendance</p> <p><i>Council attendance at Council meetings</i></p> <p>[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</p>	97.28%	Results indicate a high level of attendance at Council ordinary and special meetings.
<p>Service cost</p> <p><i>Cost of governance</i></p> <p>[Direct cost of the governance service / Number of councillors elected at the last council general election]</p>	\$39,439	The result is in line with Council's anticipated outcomes.
<p>Satisfaction</p> <p><i>Satisfaction with council decisions</i></p> <p>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	48	This result is per the Local Government Community Satisfaction Survey 2015.

* As there is no base year, Council has made a number of comments under 'Material Variations' to assist readers' interpretation of the results.



Left: Young chicks seek refuge in our Botanic Gardens.



COUNCIL PLAN PERFORMANCE REPORTING

PILLAR 2 | A PLANNED FUTURE

OUR GOAL

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

STRATEGIES

Five strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2014/15 can be viewed on page 56.

SERVICES

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

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

HIGHLIGHTS

Draft Domestic Wastewater Management Plan developed

A draft Domestic Wastewater Management Plan (DWMP) was developed in 2014/15. The draft Plan represents a major milestone in Council's efforts to overcome constraints to development of houses in the Otway water catchments arising from State Government requirements. The draft DWMP is being tested through a public exhibition process, and when adopted, will enable the water authorities to vary the limit of a maximum density of one dwelling per 40 hectares in catchment areas. The Plan takes a risk based approach to land, based on a range of factors, and offers a degree of certainty to land holders about what information needs to be prepared and submitted with a planning application. It allows each site to be assessed on its specific merits. This project responds positively to community demand for flexibility of decision making in these areas.

Colac 2050 Plan

Council successfully secured \$150,000 in funding from Regional Development Victoria (RDV) for the Colac 2050 Project, which will include a structure plan to guide the future growth of Colac. The project commenced early in 2015 and is due to be completed in 2017.

A key early part of the project has been the commencement of developing a Commercial and Industrial Land Use Strategy for Colac. The strategy will address the land needs for growth in business and employment generating industries to match future residential growth.

Council is also participating in a complementary Regional Flood Study with the State Government. The study is focussed on Colac and will provide important flooding information to assist in determining which areas around Colac are available for development.

This important project will give clear guidance as to where future residential and commercial growth should be directed, and what community facilities and other infrastructure will be required to support that growth.

Improved Planning Permit Processing Times

A significant reduction in processing times for planning permit applications was achieved, reflecting a major focus on streamlining internal planning processes. From January to June 2015, the average processing time was reduced to 40 days, compared with 65 days for the same period in 2014; a reduction of 38%. Included in the streamlining process was the introduction in early 2015 of a survey/feedback form; sent to applicants and objectors at the time a decision is made to provide a consistent review of customer feedback. In addition, an independent review of the Planning service is currently being undertaken to further streamline and accelerate the planning application process.

Addressing disadvantage

During 2014/15, Great South Coast developed its Beyond the Bell Project aimed at increasing the low Year 12 retention figures across the region and G21 developed the Geelong Region Opportunities for Work (GROW) project aimed at reducing disadvantage across the region. Council's Economic Development staff worked with these organisations and the State Government to create a combined project in Colac that will use the remaining \$200,000 of Advancing Country Towns funds to deliver on-ground programs that address disadvantage in the Colac area.

Supporting local businesses

Colac Otway Shire's manufacturing employment figures bucked national trends with a strong growth in employment, led by expansion in Colac's major manufacturing employers. Council's Economic Development staff assisted these major employers with their plans, as well as providing bespoke economic modelling to support grant applications to State and Commonwealth governments.

Council's industry development seminars continued to be popular with small business, with themes such as Secrets of My Success, at which five local business leaders shared their knowledge and experience as business owners. Other seminars covered issues such as social media and business growth. Council also supported game-changing projects in smaller towns, such as the Forrest Mountain Bike Strategy, along with the development of across the shire Tourism Destination Master Plans. These plans assist local industry and communities identify the key projects they would like to see delivered to increase the viability of their local industry.

Regional coordination of tourism

This year marked the first full year of the operation of Great Ocean Road Regional Tourism, coordinating tourism industry development across the shires of Colac Otway, Corangamite, Surf Coast, Moyne and Warrnambool City Council. Council continues to support the local tourism sector through its Visitor Information Centres and tourism development staff, with a range of studies indicating that visitors who utilise Visitor Information Centres tend to spend significantly more than those who do not.



Small town improvement projects continue

Smaller towns around the shire benefited from completion of works under the Small Towns Infrastructure Program (STIP). This program allows small town community groups to develop their own projects and to work to deliver them utilising Council and other funding. The STIP program consists of smaller projects that benefit the townships but could otherwise not be delivered by Council alone, due to priority service demands. The 2014/15 budget for this program was \$100,000. Highlights of the past year were the construction of the Barwon Downs Community Centre (see page 23) and the Cororooke to Coragulac footpath, which provides a safer link between the township of Cororooke and St. Brendan's Primary School and church. Other projects were finalised in Birregurra and Carlisle River and new projects were developed in the townships of Forrest, Skenes Creek and Beac.



173,848
walk-in visitors to
Visitor Information
Centres

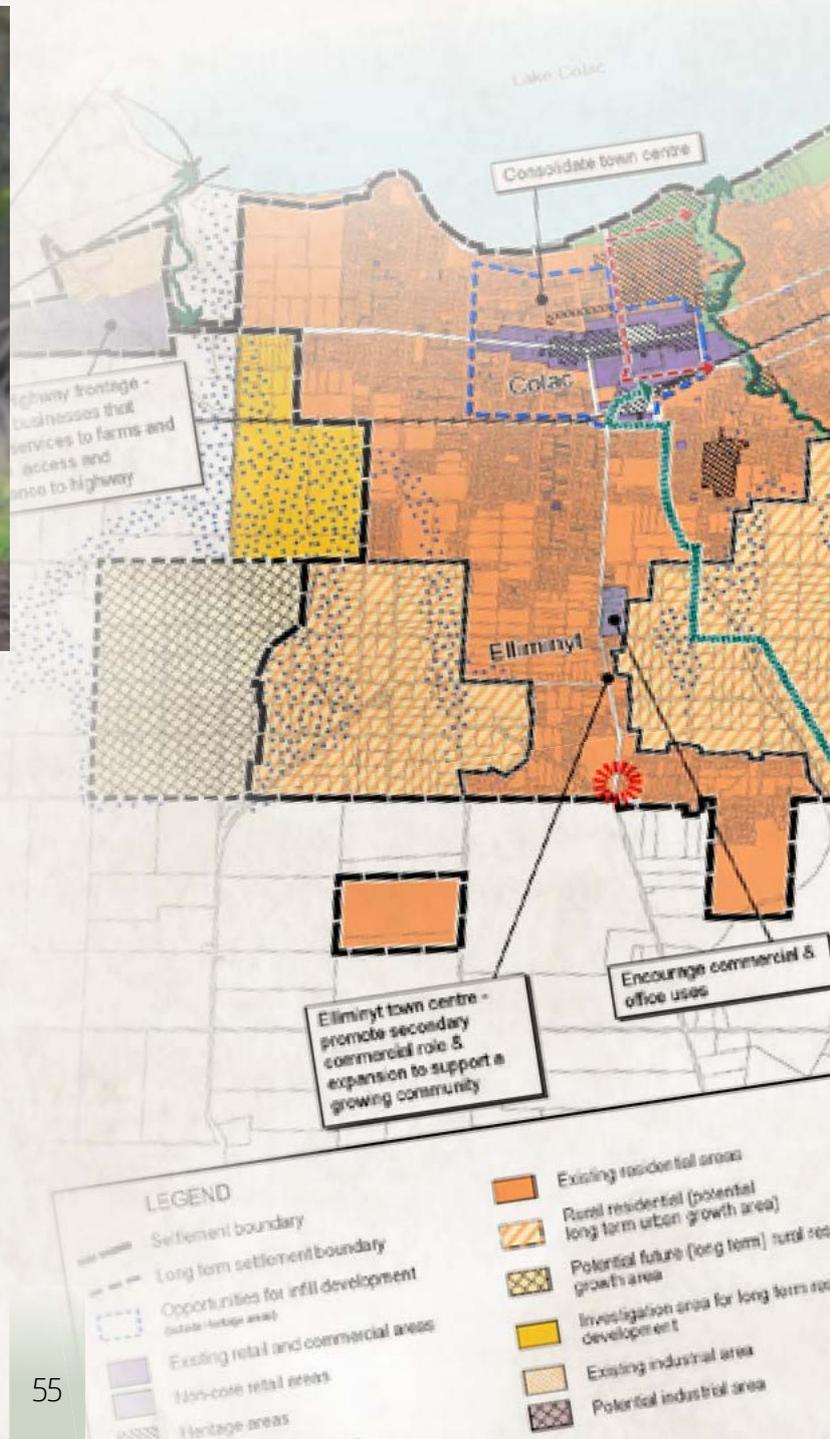
Left: The Great Ocean Road is a major tourist destination attracting both Australian and international visitors (photo: Katrina Kiely).

Above: Lukas Ruddell from St Brendan's Primary School, racing his friends along the new Cororooke to Coragulac footpath.

DISAPPOINTMENTS

Economic Development Strategy delayed

Development of a new Economic Development Strategy for the shire was delayed while the State Government considered a request for funding to support the project. The project was ultimately commenced during 2014/15 using Council's own resources. This necessitated a scaling down of the degree of research to support the project. However, at the close of the financial year most of the theoretical work has been concluded, community engagement has commenced and the strategy is on track to be presented to Council during 2015/16.



CHALLENGES

Continued Improvement of Planning Service Delivery

Having made significant progress in service improvement in 2014/15, the challenge will be to maintain this focus by further reducing planning permit processing times, and increasing customer satisfaction with the service. The independent service review will build on recent initiatives, making recommendations on ways in which this can occur.

Implementation of the Domestic Wastewater Management Plan

For the benefits of the Domestic Wastewater Management Plan to be realised, through more flexibility in applying State Government regulations in water catchment areas, Council must demonstrate that it is resourcing the actions specified in the plan, particularly the auditing of septic tank performance and enforcement of any non-compliance. This will require examination of cost effective options to resource this ongoing monitoring effort.

Increased tourist numbers places pressure on local infrastructure

International visitor growth for 2015/16 is forecast to continue increasing across all of the Great Ocean Road councils. The infrastructure to accommodate this growth is already stretched and it is beyond the capacity of local councils to redevelop this infrastructure. Council will work with Great Ocean Road Regional Tourism to identify ways to source funding to address this issue.

THE YEAR AHEAD

- Colac 2050 Plan: Commercial and Industrial Land Use Strategy completed.
- Community Infrastructure and Asset Renewal Plan, Stage 2 – asset management plans finalised for Bridges and Stormwater drainage.
- Colac CBD & Entrances Project, Stage 1 – detailed design completed and landscaping works commenced.
- Domestic Wastewater Management Plan finalised.
- Great Ocean Road Destination Master Plan finalised.
- Economic Development Strategy finalised.



Progress against our 2014/15 commitments

Activity	Progress
Strategy: Plan for future land use to respond to population growth and changing needs.	
Apollo Bay Harbour Master Plan.	100%
<i>Target:</i> Panel hearing held on Planning Scheme Amendment C73. Amendment adopted by Council.	
Redevelopment of the former Colac High School site.	100%
<i>Target:</i> Additional options investigated for the Colac High School Master Plan and incorporated into the Colac 2050 Structure Plan. – Former school site is being considered in the Colac 2050 Project.	
Heritage Strategy implementation.	50%
<i>Target:</i> Planning scheme amendment exhibited for former Colac to Crowes rail line. – Project deferred due to completing priorities.	
<i>Target:</i> Planning scheme amendment rectifying errors in Heritage Overlay adopted. – Amendment completed.	

Activity	Progress
<p>Develop a Colac 2050 Plan.</p> <p><i>Target:</i> Consultant appointed. Background paper prepared. Flood modelling undertaken. Meet budget of \$150,000 +/- 5%.</p> <ul style="list-style-type: none"> – A range of sub-consultants were appointed to undertake aspects of the project. Project scope renegotiated with Regional Development Victoria to extend over 3 years, with early focus on economic development elements. Flood modelling delayed by the need to wait for completion of a State Government Regional Flood Study for Colac. \$39,000 expended - budget not fully expended due to delay in completion of some components. 	45%
<p>Prepare Township Plans for Alvie, Cororooke & Beeac which establish a new settlement boundary.</p> <p><i>Target:</i> Township plans completed. Meet budget of \$2,500 +/- 2.5%.</p> <ul style="list-style-type: none"> – Project deferred to allow completion of the Domestic Wastewater Management Plan project. Nil budget expended. 	5%
<p>Planning Scheme Amendment C74 (Apollo Bay Settlement Boundary & Urban Design Review).</p> <p><i>Target:</i> Planning panel hearing held and Amendment adopted by Council. Meet budget of \$10,500 +/-2.5%.</p> <ul style="list-style-type: none"> – Amendment completed. \$12,866 expended - higher than anticipated costs associated with the panel hearing to consider submissions. 	95%
<p>Strategy: Develop an integrated response to meet future infrastructure needs.</p>	
<p>Community infrastructure and asset renewal plan.</p> <p><i>Target:</i> Stage 2 - Asset Management Plans for the infrastructure asset categories of bridges and stormwater drainage finalised.</p> <ul style="list-style-type: none"> – The Asset Management Plans are being prepared in conjunction with Plans for other infrastructure asset categories. It is proposed to have this suite of documents adopted by Council during 2015/16. 	50%
<p>Develop a Colac Otway Shire Footpath Strategy.</p> <p><i>Target:</i> Strategy developed.</p> <ul style="list-style-type: none"> – Draft strategy developed. To be finalised before reporting to Council for consideration. 	50%
<p>Staged implementation of the Colac CBD & Entrances Project.</p> <p><i>Target:</i> Stage 1 – Detailed design completed and landscaping works commenced.</p> <ul style="list-style-type: none"> – Detailed design for the CBD and Entrances project was completed; however commencement of construction work is temporarily on hold while additional Commonwealth funding is sought. 	50%
<p>Four Yearly Planning Scheme Review.</p> <p><i>Target:</i> Review report adopted by Council.</p> <ul style="list-style-type: none"> – Report adopted by Council. 	100%
<p>Develop a 10-Year Capital Works Strategy.</p> <p><i>Target:</i> Strategy developed.</p> <ul style="list-style-type: none"> – Draft strategy developed. 	50%
<p>Develop a Domestic Wastewater Management Plan.</p> <p><i>Target:</i> Project completed. Meet budget of \$125,000 +/- 5%.</p> <ul style="list-style-type: none"> – Draft completed. Plan to be adopted in 2015/16. \$50,000 expended to date; total expected to be less than the original estimate. 	90%



Activity	Progress
Strategy: Promote local business, services and foster employment opportunities.	
Develop a 4-Year Economic Development Strategy.	
Target: Colac Marketing Strategy priority actions implemented. Meet budget of \$75,000. – Expected co-funding from the State Government was not available. Project commenced development in-house on reduced budget of \$25,000 and deferred time frames.	40%
Strategy: Grow tourism to support the local economy.	
Implement the Visiting Friends and Relatives 'Love our Region' local tourism campaign.	
Target: Stage 2 implemented. Meet budget of \$4,000 +/- 2.5% – \$3,574 expended. Advertising achieved at lower than expected rates.	100%

Planning applications

	Applications Received	Avg days to process	Appeals to VCAT*	Council Decisions Upheld
2010/11	409	55	12	5
2011/12	382	57	11	7
2012/13	297	77	10	8
2013/14	290	61	8	5
2014/15	338	49	3**	2

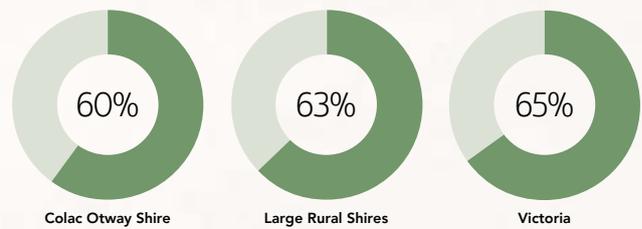
* Victorian Civil and Administrative Tribunal
 ** 1 Appeal pending

Building applications

	Number of Applications	Average Days to Assess	Average Days to Issue Permit
2010/11	126	17	45
2011/12	95	18	36
2012/13	54	20	33
2013/14	53	14	24
2014/15	55	7	17

The processing time for building permits continues to reduce as a result of improved resources in the Building Unit.

Percentage of planning applications decided within the 60-day statutory timeframe



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

Grants received from government sources



The sharp increase in grant monies in 2011/12 was due to funding received for the redevelopment of Bluewater Leisure Centre; however the overall trend shows decreasing funding being received from government sources.



Local Government Performance Reporting Framework

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

Service / Indicator / measure	Result	Material Variations*
Economic Development		
<p>Participation <i>Participation in business development activities</i> [Number of businesses with an ABN in the municipality that participate in a business development activity / Number of businesses with an ABN in the municipality] x100</p>	8.67%	The result is within anticipated outcomes. Business development activities are aimed at small businesses; primarily retail, hospitality and tourism based businesses. The total number of businesses registered in the shire covers a much broader range of industries that are not targeted in these activities.
<p>Service standard <i>Delivery of planned business development activities</i> [Number of business development activities delivered / Number of planned business development activities] x100</p>	100%	All planned business development activities were carried out.
<p>Service cost <i>Cost of economic development service</i> [Direct cost of delivering the economic development service / Number of businesses with an ABN in the municipality]</p>	\$156.25	As this is the first year of reporting we do not have a cost comparison with like councils.
<p>Economic activity <i>Percentage change in number of businesses</i> [Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100</p>	0.43%	This reflects the high number of stable individual ABN holders within the municipality, such as individual agricultural businesses.
Statutory Planning		
<p>Timelines <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]</p>	62.50	This result is gained by listing the number of days each planning application took to resolve and identifying the number in the middle of the list. There were 338 planning applications during 2014/15, with decisions on some taking a short time and others taking much longer due to a range of factors such as information supplied, complexities inherent in the application and involvement of statutory referral authorities.
<p>Service standard <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100</p>	60.41%	Over half of all planning application decisions in 2014/15 were made within the 60 day statutory requirement.
<p>Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]</p>	\$2,341.79	As this is the first year of reporting we do not have a cost comparison with like councils.
<p>Decision making <i>Council planning decisions upheld at VCAT</i> [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</p>	100%	This highlights Council's knowledge and effectiveness in applying the relevant Planning Schemes.

* As there is no base year, Council has made a number of comments under 'Material Variations' to assist readers' interpretation of the results.

COUNCIL PLAN PERFORMANCE REPORTING

PILLAR 3 | A PLACE TO LIVE AND GROW

OUR GOAL

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

STRATEGIES

Four strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2014/15 can be viewed on pages 64-68. In conjunction, additional information is provided on key items of interest in the following pages under Highlights, Disappointments and Challenges.

SERVICES

Services contributing to this Pillar:

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

HIGHLIGHTS

Bluewater Leisure Centre redevelopment

The Bluewater redevelopment project made significant progress during 2014/15 with an expectation that the facility would open to the public during the first quarter of 2015/16. The project will result in a complete redevelopment of Council's regional leisure centre including an expanded stadium, new gymnasium that doubles the available space, new program rooms, a warm water pool, children's water play area, revamped amenities and new foyer, reception and office areas. The \$11.8 million Bluewater redevelopment was funded through a partnership between all three levels of government and the community.

"This is the single biggest infrastructure project in this shire's history and we're about to deliver a facility that will contribute to the health and wellbeing of our community for decades to come," Mayor Frank Buchanan.



Above: The new logo for Bluewater features abstract figures of moving water.

Below: Australia Day celebrations.

New Logo

Bluewater unveiled a dynamic new brand in the lead up to the opening of the redeveloped facility. The new brand was the clear favourite among three logos presented to users and the wider community as part of a vote. Featuring abstract figures of moving water, Bluewater's new brand portrays the enjoyment, movement and activity that users can expect to experience in the new centre.

Cororooke Open Space Landscape Master Plan

Following the closure of the Fonterra factory at Cororooke, Council was able to negotiate a donation of land from Fonterra for the purposes of public open space. This acquisition, at no cost to Council, will provide much needed open space that the community had desired for many years. Council, in partnership with the community, developed a landscape master plan to guide the future development of the site. The plan was prepared via a thorough engagement process developed and driven by the community.

Apollo Bay Playspace Development

In December 2014 the \$130,000 Apollo Bay Playground was installed on the Apollo Bay foreshore, replacing the existing playground. The new playground has a climbable timber ship, flying fox, sand play table, wheelchair accessible basket swing, and many other pieces of equipment hand-picked by a committee of Apollo Bay parents, in partnership with Council and the Otway Coast Committee.



Caring for the health and wellbeing of our community

We provide a range of services that care for our community from birth through to their senior years.

Consultation improves responsiveness in Maternal and Child Health services

Consultations with our Maternal and Child Health nurses rose significantly in 2014/15, even though birth numbers were down in comparison with 2013/14. The increase in consultations was due to changes implemented in late 2103/14 to increase the previously low level of appointments for 3.5 year old children; a critical age for developmental checks.

Following a consultation process with parents, changes implemented included appointment scheduling by Council’s customer assist staff and SMS reminders sent to mothers prior to appointments. An excellent result was achieved, with attendance rates increasing from 51% to 65%; a 27.5% improvement (see trend graph on page 66). Nurses also focused on vulnerable families and families of other nationalities.



To provide a reminder to families of the importance of visiting their maternal and child health nurse, a calendar featuring photos of young local children was released in December 2014. This calendar was distributed to all families currently using the service and has proved very popular.

Family and Children services

We have been working to increase engagement with vulnerable families through strengthened alliances with other early years providers. An Anxiety and Resilience Building in Children & Young People Forum for parents and educators was a huge success.



Planning for our seniors and vulnerable people

A 50+ Plan and an Access, Equity & Inclusion Plan were completed. These plans will assist Council in supporting an ageing population and the needs of vulnerable people. We also held a very successful Seniors Week festival in October 2014, with approximately 600 people participating in a number of activities. For graphical information on the services provided please see page 66.

Maintaining and improving our infrastructure

The maintenance and renewal of our infrastructure is a critical program of works. The 2014/15 Budget and Actual for these combined programs was:

	Budget (\$ Million)	Revised Budget (\$ Million)	Actual (\$ Million)
Maintenance	\$2.66	\$3.07	\$3.03
Renewal	\$7.30	\$8.18	\$8.09
Total	\$9.97	\$11.25	\$11.12

Caring for our infrastructure ensures that we provide our community with safe roads, footpaths and buildings that recognise social, environmental and user needs.

Our infrastructure consists of:

- 1,632 km of Roads
 - 558 km Sealed
 - 1,074 km Unsealed
- 134 Bridges and Major Culverts maintained
- 133 km of Footpaths
- 144 Buildings.



Above: Maternal and Child Health mothers group.
Top (right): Anxiety and Resilience Building in Children & Young People Forum.



Highlights in 2014/15 included:

- Significant advancements in improving the systems that record the inspections of Council's roads and footpaths. These improvements will increase operational efficiencies and reporting capabilities.
- All routine road and footpath inspections were completed; in total, 133 km of footpaths and close to 1,632 km of the local roads network were inspected, as scheduled in Council's Road Management Plan.
- The 2014/15 footpath replacement program was completed within the allocated budget of \$400,000. Close to 2,875 metres of Council's footpath network was replaced. Areas of pathway along the Great Ocean Road in Apollo Bay. In Colac, areas of the following streets were renewed: Richmond, Corangamite, Wallace streets, along with Churchill Square. Gravel footpaths throughout the township of Beac were also re-sheeted.
- The maintenance and improvement of our buildings and facilities continues to be a significant priority for Council. A number of key projects were completed including: replacement of the existing carpet in COPACC; repairs to the Beech Forest Hall floor, initiated by structural failures; replacement of partitioning in the Memorial Square Toilets and renewal of the existing bus shelter at the Apollo Bay Visitor Information Centre.



Other works undertaken as part of maintaining our infrastructure were:

- 25 km of trees trimmed on rural roads
- 125 km of rotary drain cleaning on rural roads
- 2,500 guideposts replaced
- 280 km centre lines marked on roads
- 2,000 parking bays line marked
- 40 km bike lanes line marked
- 450 Stop and Give Way intersections line marked.

Above: A new footpath under construction in Martin Street, Apollo Bay formed part of the 2,875 metres of new footpaths constructed in the shire.

Top (right): The new pedestrian bridge over Barongarook Creek, along Wilson Street, provides a safe walking link to the Eastern Reserve, benefitting the growing community east of Colac. Diesel, Summer, Laker and Hunter Ellis take advantage of the new bridge.



DISAPPOINTMENTS

Lack of State Government funding for the Central Reserve Redevelopment

In the lead up to the 2014 State Government election, Council lobbied hard to secure funding for the Central Reserve Redevelopment. Council was seeking a funding promise to match the \$2.5 million commitment from the Federal Government. Unfortunately we were unable to gain a financial commitment to the project through these means. Council will continue to seek support through existing funding programs to ensure the full scope of the project can be realised.

CHALLENGES

Raising funding for large projects

The tightening fiscal environment impacts our ability to undertake large projects in particular. We do not have the capacity to raise the very large sums of money required for projects such as the Central Reserve Redevelopment, a multi-million dollar project, and so are reliant on being able to gain funding or matching funding from both the State and Federal Governments to achieve these large projects.

THE YEAR AHEAD

- Complete the Municipal Early Years Plan.
- Develop an Alcohol and Other Drugs plan with support from local stakeholders.
- Transition of services to the new Bluewater Leisure Centre.
- Detailed design for the Central Reserve Redevelopment completed.

Progress against our 2014/15 commitments

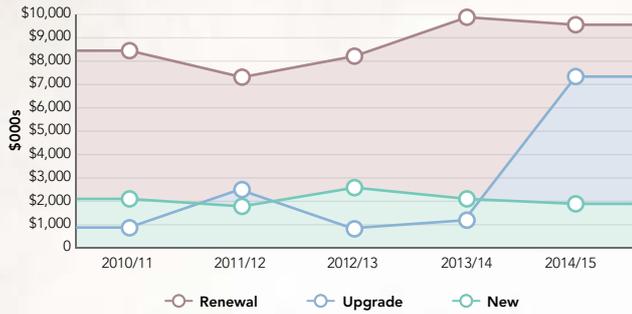
Activity	Progress
Strategy: Address the health and wellbeing needs of people of all ages and abilities.	
<p>Develop and implement the Public Health and Wellbeing Plan.</p> <p><i>Target:</i> Public Health and Wellbeing Plan developed and adopted by Council and the G21 Alliance. – Achieved.</p> <p><i>Target:</i> Implement actions as identified within year 2014 – 2015 of the Plan. Develop the 50+ Plan; Early Years Plan and Alcohol and Other Drugs Plan. Develop Access, Equity and Inclusion Plans. Meet budget of \$40,000 +/- 5%.</p> <ul style="list-style-type: none"> • Public Health and Wellbeing Plan 2014-2015 actions 76% completed. Some activities could not be undertaken due to external influences. • 50+ Plan completed. • Access, Equity and Inclusion Plans completed. • Early Years Plan, 50% completed as required. Awaiting the Advancing Country Towns final report in July 2015. • Alcohol and Other Drugs Plan deferred to 2015-2016. <p>– \$27,398 expended. Underspent due to some activities not being undertaken.</p>	75%
<p>Maintain the National Disability Insurance Scheme (NDIS) implementation according to the industry trial requirements.</p> <p><i>Target:</i> Transition of eligible clients from HACC (Home and Community Care) Services to the NDIS finalised. Negotiate a cost neutral outcome for Council.</p>	100%
Strategy: Advocate for access to an increased range of education and training opportunities.	
<p>Implement the Workforce and Industry Development Project (Advancing Country Towns).</p> <p><i>Target:</i> 10 workforce development plans completed. Advancing Country Towns Project completed. Meet budget of \$166,000 +/- 5%.</p> <p>– 3 detailed workforce development plans completed at no additional cost. Advancing Country Towns Project has been extended 18 months to leverage Beyond the Bell and G21's GROW projects.</p> <p>– No budget expended. Existing budget re-phased to the extended completion date of December 2016.</p>	30%
Strategy: Increase the diversity of arts, culture and social spaces.	
<p>Staged implementation of the Beechy Precinct development program.</p> <p><i>Target:</i> Construction of the Bluewater Leisure Centre Redevelopment completed. Implement the Bluewater Leisure Centre Redevelopment Management Plan, including the transition to the new facility. Central Reserve Master Plan Implementation – award tender for design.</p> <p>– Construction programme extended due to unforeseen issues. Staged transition to the new facility to occur in 2015-2016.</p> <p>– Central Reserve Master Plan Implementation completed.</p>	97%
<p>Staged implementation of the Open Space Strategy.</p> <p><i>Target:</i> Implementation plan finalised and agreed to. – Achieved.</p> <p><i>Target:</i> Priority actions implemented. – Achieved.</p> <p><i>Target:</i> Playspace Strategy developed and adopted by Council. – Draft Playspace Strategy developed. Finalised strategy to go to Council for adoption in 2015/16.</p> <p><i>Target:</i> Annual open space renewal program completed. Meet budget of \$50,000 +/- 5%. – Achieved. Budget met.</p>	98%

Activity	Progress
Strategy: Maintain existing infrastructure.	
Implement the asset renewal and maintenance program.	100%
Target: Road and Footpath assets inspected in accordance with the Road Management Plan.	
Implement the annual Capital Works and Major Projects Program.	100%
Target: 85% of Projects completed. Meet revised budget of \$21.52 million +/- 10%. – 86% of projects completed. \$18.89 million expended.	
Footpath Renewal Program.	100%
Target: 2.5 kilometres (km) of footpaths reconstructed. All programmed and additional works completed within allocated budget of \$400,000 +/-2%. – Achieved 2.87 km. \$378,000 expended.	
Annual road resealing program.	100%
Target: 30 kilometres (km). All planned works achieved within allocated budget of \$900,000. – Achieved 36.5 km. Additional works completed utilising additional funding of \$250,000 from the 2014/15 Country Roads and Bridges allocation.	
Bridge Reconstruction Program.	100%
Target: 2 bridge reconstruction projects completed to achieve defined outcomes. Meet budget of \$1 million +/- 5%. – 2 bridges reconstructed. \$650,000 expended. Additional planned bridge works will be undertaken with the remaining funds in 2015/16.	
Building Renewal Program.	100%
Target: 4 building renewal projects completed to achieve defined outcomes. Meet budget of \$600,000 +/- 3%. – Achieved 16 projects. \$552,000 expended. A number of smaller scale projects were included in the 2014/15 Building Renewal Program, which resulted in a greater number of projects being completed.	
Sealed road reconstruction program.	100%
Target: 4 km of sealed road reconstructed. – Achieved 6.6 km within budget.	
Unsealed road resheeting program.	100%
Target: 70 km of gravel roads resheeted. Meet budget of \$1.4 million +/-5%. – Achieved 105 km. Budget adjusted mid-year to incorporate Timber Road Funding of \$526,000.	
Implement the annual maintenance program.	100%
(Baseline performance target has been set at 85% in the Road Management Plan to allow for events outside of Council's control e.g. natural disasters)	
Target: Maintenance of the following works at 85% as per the Road Management Plan. Meet revised budget of \$1,714,000 +/- 5%. <ul style="list-style-type: none"> • Sealed roads e.g. repair of minor potholes etc. • Unsealed road maintenance e.g. surface grading etc. • Major patching e.g. replacement of failed road surface • Drainage maintenance • Tree Maintenance e.g. tree trimming, power line clearance and rural roadside vegetation – Achieved 96%. \$1,615,437 (-2.365%) spent; -\$39,136 within budget tolerance.	



Capital Works

	Renewal '000s	Upgrade '000s	New '000s	Total '000s
2010/11	\$8,464	\$792	\$2,150	\$11,406
2011/12	\$7,273	\$2,397	\$1,754	\$11,424
2012/13	\$8,168	\$824	\$2,597	\$11,589
2013/14	\$9,965	\$1,116	\$2,151	\$13,232
2014/15	\$9,632	\$7,366	\$1,889	\$18,887



We continued our strong commitment to funding our asset renewal needs, with more than \$9.6 million spent on renewal projects in 2014/15. The significant spike in expenditure for asset upgrade reflects the major redevelopment and upgrade of the Bluewater Leisure Centre, which is a more than \$11 million upgrade.

Road network renewal



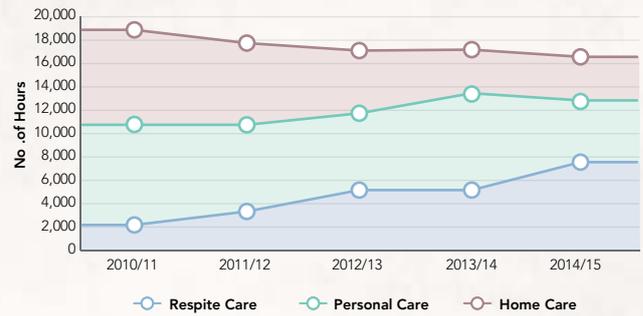
A consistent amount of funding is allocated for road renewal. Fluctuation in the kilometres completed is a reflection of the cost of works being done.

Footpath repairs



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

Hours of support for older people



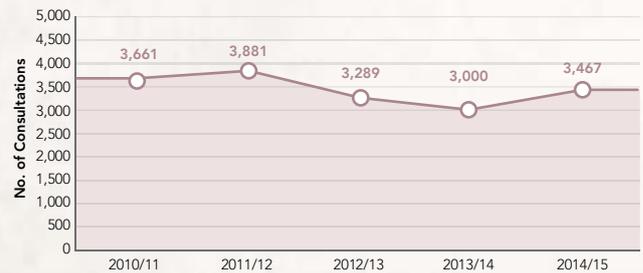
The significant trend in the data is the increase in demand for support for carers via access to respite care for the elderly.

Meals on Wheels delivered



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

Maternal and Child Health consultations



The increase in consultations reflects a reversal in the trend of missed appointments for developmental assessments for children aged 3½ to 5 years. Activity undertaken to achieve this is noted on page 62.

Local Government Performance Reporting Framework

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

Service / Indicator / measure	Result	Material Variations*
Home and Community Care (HACC)		
<p>Service standard</p> <p><i>Compliance with Community Care Common Standards</i></p> <p>[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100</p>	100%	This result indicates the high quality of Council's standards.
<p>Participation</p> <p><i>Participation in HACC service</i></p> <p>[Number of people that received a HACC service / Municipal target population for HACC services] x100</p>	24.16%	The result is in line with Council's anticipated outcomes.
<p><i>Participation in HACC service by CALD people</i></p> <p>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</p>	21.50%	The result is in line with Council's anticipated outcomes. (CALD: Culturally And Linguistically Diverse people).
Maternal and Child Health (MCH)		
<p>Satisfaction</p> <p><i>Participation in first MCH home visit</i></p> <p>[Number of first MCH home visits / Number of birth notifications received] x100</p>	99.12%	This indicates the percentage of infants enrolled in the MCH service who received a first visit at home.
<p>Service standard</p> <p><i>Infant enrolments in the MCH service</i></p> <p>[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100</p>	96.04%	This reflects the high number of infant enrolments in the Maternal and Child Health service.
<p>Participation</p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	74.83%	The result is in line with Council's anticipated outcomes.
<p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[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</p>	59.26%	The result is in line with Council's anticipated outcomes.

Service / Indicator / measure	Result	Material Variations*
Roads		
<p>Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100</p>	11.29	This indicates the number of requests received per 100 kilometres of sealed local roads.
<p>Condition Sealed local roads below the intervention level [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100</p>	90.14%	This result indicates the percentage of local sealed roads that did not require a renewal intervention.
<p>Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]</p>	\$34.68	The result is in line with Council's anticipated outcomes.
<p>Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]</p>	\$6.09	The result is in line with Council's anticipated outcomes.
<p>Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	44	Unique road deterioration characteristics across the municipality, which coupled with difficult terrain, resulted in constant maintenance requirements. Council has progressively increased its spending on road maintenance to address this issue. There are also a large number of roads that are the responsibility of VicRoads which are often confused with Council roads.

* As there is no base year, Council has made a number of comments under 'Material Variations' to assist readers' interpretation of the results.



COUNCIL PLAN PERFORMANCE REPORTING

PILLAR
4

A HEALTHY COMMUNITY AND ENVIRONMENT

OUR GOAL

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

STRATEGIES

Five strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2014/15 can be viewed on pages 73-75. In conjunction, additional information is provided on key items of interest in the following pages under Highlights, Disappointments and Challenges.

SERVICES

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

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

HIGHLIGHTS

CrossXPollination

The second annual CrossXpollination Festival of Textile and Fibre Art was a popular success, with many hundreds of people travelling from across regional Victoria to attend the exhibitions at the Colac Otway Performance and Cultural Centre (COPACC) and Red Rock Regional Theatre and Gallery (RRRTAG).

CrossXpollinationN was created in response to calls from the community for a fibre art exhibition and workshops and is a joint initiative of COPACC and RRRTAG. The exhibition is funded from the COPACC programming budget, with support from a small group of dedicated volunteers.

This year's programme included a wearable art market, workshops, artist's talks, and the sell-out event, Vibrant Collision, which included an artist's talk and physical theatre performance of String Thing at RRRTAG.

CrossXpollinationN provided an important platform for community engagement for both COPACC and RRRTAG. Many local women created hand embroidered bonnets for the Roses from the Heart exhibit, which aims to have a bonnet made for every convict woman transported to Australia. A Blessing of the Bonnets was held prior to the exhibition opening. The COPACC exhibition also included a reportage style photo essay of local people and their connections with the CrossXpollinationN theme of Love, Loss and What I Wore. COPACC's major challenge in connection with CrossXpollinationN was selling the workshops, which will be reviewed.

"Congratulations to you all for the wonderful effort you put into creating such a dynamic event. I was a bit gob-smacked by the whole thing, in particular the exhibition."
- Textile artist and teacher Pam Hovel, Bendigo.



Keeping our community safe

Neighbourhood Safer Places

Sites in many towns within the municipality have been investigated to determine if they are suitable as Neighbourhood Safer Places (NSP). An NSP is mainly an open air place of last resort, such as a sports oval, for people during a bushfire. Apollo Bay, Beeac and Birregurra have designated NSP's. Establishing NSP's is complicated due to the stringent safety standards required. Unfortunately, we have been unable to establish NSP's in our highest risk townships, simply because there is no 'safer' place that can meet the stringent criteria. Investigation for other potential sites continues.

Community Fire Refuge

In towns where a suitable Neighbourhood Safer Place cannot be identified Council has actively advocated for alternative solutions to manage the risk posed by bushfire. Lavers Hill, Forrest and Wye River were identified as suitable for assessment for a Community Fire Refuge, which is a last resort shelter option if people are unable to leave the area. The exposure to bushfire danger in these areas is extreme due to the topography, vegetation and road network that passes through heavily forested land.

Emergency Management Victoria informed Council that plans are being implemented to construct a refuge in Lavers Hill. Council will continue to work closely with the State Government agencies and advocate for assessments to be undertaken in Forrest and Wye River.



Left (top): Blessing of the bonnets.

Left (middle): Anima Jha in her wedding sari, part of the Love, Loss and What I Wore program.

Left (bottom): The Spiny Rice Flower Recovery Team, representing State Government, Local Government, the CFA and the Royal Botanic Gardens, on a site visit to Cressy Shelford Road to inspect the grassland (photo: Debbie Reynolds).

Right (top): St Brendan's Primary School children touring the Alvie landfill site were amazed to see a garment that had been manufactured from recycled soft drink bottles.

Right (bottom): During 2014/15 we diverted more than five tonnes of litter, the equivalent of the weight of five cars, from entering our waterways due to the six Gross Pollutant Traps in Colac and Apollo Bay. They filter litter and sediment from stormwater, preventing pollution from reaching the ocean and Lake Colac.

Memorial Square – Elm Tree Assessment

Five Elm trees were removed from Colac's Memorial Square, following an assessment from an independent arborist that they were unsafe. It was an issue of intense interest to the community as some of the trees in the square are over 130 years old, predating the 1924 renaming and dedication of the former Market Reserve to honour the service men and women from the First World War. Replacement plantings were selected to ensure the species of Elm remains consistent throughout the Memorial Square. The comprehensive arborist's report identified that other Elm trees only required pruning and weight reduction to make them safe.



Protecting our environment

An important part of caring for and protecting our environment is in educating our community, and children are enthusiastic ambassadors. 84 Environmental education events were held across the shire during 2014/15 and included: World Environment Day, Earth Hour, National Tree Day, School Tree day, Recreational Fishing Workshops and several school planting activities.

See page 72 for waste management trend graphs.



DISAPPOINTMENTS

Ongoing issue with feral cats

While we managed to rehouse nearly 90 cats with the help of a local vet, we had to put down 23 feral cats. The feral cat problem is a national issue and while the number euthanased in 2014/15 was significantly less than the average for the past five years, we continue to work with our community to try to reduce the number even further.



CHALLENGES

Keeping our services relevant

The introduction of rate capping and the reduction in external funding add to the challenge of ensuring the programs we deliver remain relevant and accessible to our community. We continue to strive to find the balance between meeting community expectations and operating within allocated budgets.

Reducing the risk of bushfire

Council is committed to helping reduce the risk of bushfire for our community. We continue to advocate for community fire refuges, fire sirens and other measures that can be taken to help reduce the risk as much as possible.

Becoming carbon neutral

Council has set a target to be Carbon Neutral by 2018. While a number of significant energy saving projects have meant this target is achievable, we need to establish ways to offset the emissions that will still exist in 2018.

Above: Local Laws compliance officers, Kevin Young and John Postma with some of the animals that were able to be rehoused.

THE YEAR AHEAD

- Lake Colac Master Plan developed
- Climate Adaptation Plan developed
- Review of the Transfer Station and Landfill long-term strategy
- Municipal Emergency Management Plan updated
- Municipal Neighbourhood Safer Places Plan reviewed and implementation commenced
- Memorial Square Master Plan commenced.

Organic Waste Diverted from Landfill (tonnes)



The upward trend continued for garden and food waste to be diverted from landfill for composting.

Household waste to landfill (kilos)



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

2,126 school children participated in environmental activities

4,760 dogs and 1,524 cats registered

Progress against our 2014/15 commitments

Activity	Progress
Strategy: Encourage active participation in recreation, arts and leisure pursuits.	
Staged implementation of the Active Transport Strategy.	100%
Target: Implement priority actions as per agreed Implementation Plan. Meet budget of \$31,000 +/- 5%.	
Staged implementation of the Physical Activity Strategy.	100%
Target: Implementation strategy developed.	
Consult with Colac Library Annexe users and the wider community on the services provided at the facility.	80%
Target: Consultation and review completed. – Consultation completed and draft report prepared. Final report to be prepared in August 2015.	
Strategy: Increase environmental sustainability through direct initiatives and advocacy.	
Solar Array Installations.	75%
Target: Solar panels installed. Meet budget of 260,000 +/- 5%. – Project not completed due to timelines associated with the Bluewater Leisure Centre redevelopment. Project will be completed in the 2015/16 financial year. \$90,000 carried forward to 2015/16.	
Strategy: Protect and care for the natural environment.	
Implement the relevant stages of the Environment Strategy 201018.	100%
Target: Stage 2 of the Environment Action Plan completed. Meet budget of \$120,000 +/- 5%.	
Climate Resilient Communities Project.	75%
Target: Phase 2 milestones completed. Meet budget of \$325,000 +/- 5%. – Project timelines were extend by the funding body to allow Phase 2 to be complete by the end of 2015. \$150,000 expended.	
Review of Transfer Station and Landfill long-term strategy in conjunction with Regional Waste Management Group.	20%
Target: Transfer Station and Landfill long-term strategy reviewed and report provided to Council. – Review commenced but deferred to 2015/16 due to turnover of key staff.	
Strategy: Support community safety initiatives, local law enforcement and emergency management.	
Review of the Port of Apollo Bay Safety and Environment Management Plan (SEMP).	20%
Target: Review completed. – Review commenced but deferred to 2015-2016 due to turnover of key staff.	
Develop a Domestic Animal Emergency Management Plan.	100%
Target: Plan developed and project timeframe met.	
Implement the Neighbourhood Safer Places Plan.	100%
Target: Municipal Neighbourhood Safer Places Plan reviewed and implemented. Meet budget of \$15,000 +/- 5%. – Plan reviewed and implemented. Only \$5,000 expended as the Neighbourhood Safer Places designated at this time do not require major maintenance.	

Local Government Performance Reporting Framework

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

Service / Indicator / measure	Result	Material Variations*
Aquatic Facilities		
Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	Indoor facilities were not open in 2014/15 due to redevelopment works.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	No reportable incidents.
Service cost <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$0	Indoor facilities not open in 2014/15 due to redevelopment works.
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$19.28	The result is in line with Council's anticipated outcomes.
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.09	Indoor facilities were not open in 2014/15 due to redevelopment works.
Animal Management		
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	65.91%	This result is impacted by the high number of feral cats that were caught and had to be euthanased.
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$42.00	The result is in line with Council's anticipated outcomes.
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	27	This result represents the effectiveness of Council's Animal Management Service, and is within Council's anticipated level of service.
Food Safety		
Service standard <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 <i>Food Act 1984</i> / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i>] x100	100%	This result reflects a high quality food safety service.
Service cost <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 <i>Food Act 1984</i>]	\$270.68	One Environmental Health Officer position less than optimal for the whole of the reporting period.



Service / Indicator / measure	Result	Material Variations*
<p>Health and safety</p> <p><i>Critical and major non-compliance outcome notifications</i></p> <p>[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</p>	80.77%	This is a positive result for Council, highlighting the effectiveness of our food safety service.
Libraries		
<p>Utilisation</p> <p><i>Library collection usage</i></p> <p>[Number of library collection item loans / Number of library collection items]</p>	5.81	This result indicates the number of times an item was borrowed.
<p>Resource standard</p> <p><i>Standard of library collection</i></p> <p>[Number of library collection items purchased in the last 5 years / Number of library collection items] x100</p>	82.89%	This result indicates a high standard in the quality of resources available at the library.
<p>Service cost</p> <p><i>Cost of library service</i></p> <p>[Direct cost of the library service / Number of visits]</p>	\$6.46	Cost is comparable to like-sized regional libraries and within Council's anticipated outcomes.
<p>Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x100</p>	17.61%	Active Members includes only members who have borrowed a physical collection item. It excludes members who have not borrowed a physical collection item but have used their membership to borrow electronic collection and/or access digital information via the library's public internet.
Waste Collection		
<p>Satisfaction</p> <p><i>Kerbside bin collection requests</i></p> <p>[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000</p>	107	This reflects the number of contacts residents have with Council on any matter relating to kerbside waste collection.
<p>Service standard</p> <p><i>Kerbside collection bins missed</i></p> <p>[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000</p>	6.44	This is a good result and reflects the quality of the service.
<p>Service cost</p> <p><i>Cost of kerbside garbage collection service</i></p> <p>[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]</p>	\$120.79	This cost is reasonable given the large distances in our Shire between collection points and the landfill site.
<p><i>Cost of kerbside recyclables collection service</i></p> <p>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</p>	\$34.91	This is a reasonable cost given the large distances between collection points and the processing facility.
<p>Waste Diversion</p> <p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	55.52%	Diversion from landfill % is consistent with Council's continual efforts to reduce waste to landfill.

* As there is no base year, we have made a number of comments under 'Material Variations' to assist readers' interpretation of the results.

DEMOCRATIC GOVERNANCE

Council's main responsibilities are to set the overall directions and goals for the municipality and then monitor their implementation and success.

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

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

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

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

DECISION-MAKING PROCESS

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

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

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

RELATIONSHIP BETWEEN COUNCIL AND THE EXECUTIVE

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

CODE OF CONDUCT

Council has a Code of Conduct, which was reviewed and adopted by Council on 27 February 2013. 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 existing code is available on Council's web site at http://www.colacotway.vic.gov.au/Files/D13_14933_Councillor_Code_of_Conduct_-_2013.PDF

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 2014/15, Councillors' registered 27 conflicts of interest during Council Meetings and 5 in Council Planning Meetings.

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

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

COUNCIL MEETINGS

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the fourth Wednesday of each month at Council Chambers in Colac. Reports are prepared independently by staff for both the decision and information of the Council. During the year, ordinary council meetings were also held in Apollo Bay in November 2014 and February 2015 and in Birregurra in August 2014.

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

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

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

On occasions, Special Council meetings are called to consider specific matters. Meetings are conducted in accordance with the meetings procedure provisions of Local Law 4.

Councillor meeting attendance is reported in the Our Council section on page 16.

Minutes of the Council meetings are available on Council's web site at www.colacotway.vic.gov.au/Page/page.asp?Page_Id=265&h=0

Question time

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

COUNCILLOR SUPPORT AND REMUNERATION

The Councillor Support Policy provides a broad overview of how the Council provides assistance and support to the Mayor and councillors in carrying out their roles and official duties. A copy of the policy is available for inspection, as required under section 75B of the *Local Government Act 1989*, and is also available on Council's website at http://www.colacotway.vic.gov.au/Files/Councillor_Support_2012.pdf

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

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

Councillor	Allowance (including superannuation)	Travel ²	Total
Cr Frank Buchanan ¹	\$55,212	\$5,030	\$60,242
Cr Brian Crook	\$24,524	\$3,187	\$27,711
Cr Michael Delahunty	\$24,524	\$1,276	\$25,801
Cr Stephen Hart	\$24,524	\$9,246	\$33,770
Cr Lyn Russell	\$46,668	\$3,367	\$50,035
Cr Chris Smith	\$24,524	\$4,206	\$28,731
Cr Terry Woodcroft	\$24,524	-	\$24,524
Total	\$224,502	\$26,312	\$250,814

Notes:

1. Cr Frank Buchanan was elected as Mayor on 19 November 2014. A councillor vehicle, currently a Subaru Forrester Diesel, is provided to the Mayor for business and private use.
2. Travel includes amounts reimbursed to Councillors for travel for Council business, remote area travel allowances. It also includes any accommodation or other travel related expenses (i.e. fares) that have been reimbursed to Councillors.

LOCAL LAWS

The following local laws are in force:

No. 1 Consumption of Liquor in Public Places

Date Adopted by Council: 28 August 2013
Date Operational: 28 August 2013

No. 2 General Local Law

Date Adopted by Council: 25 September 2013
Date Operational: 25 September 2013

No. 3 Livestock Local Law

Date Adopted by Council: 28 August 2013
Date Operational: 28 August 2013

No. 4 Governance

Date Adopted by Council: 26 November 2014
Date Operational: 12 December 2014

No. 5 Colac Livestock Selling Centre

Date Adopted by Council: 24 August 2005
Date Operational: 24 September 2005



POLICIES, STRATEGIES AND PLANS

The following policies, strategies and key plans were reviewed, endorsed and/or adopted by Council during 2014/2015:

Document	Date Endorsed/Adopted
Operational Plan	23 July 2014
Youth Council Charter	23 July 2014
G21 Region Public Transport Strategy	27 August 2014
G21 Economic Development Strategy	24 September 2014
Councillor Support Policy	22 October 2014
Gifts, Benefits and Hospitality Policy	22 October 2014
Colac Development Plans	22 October 2014
Municipal Emergency Management Plan	17 December 2014
Debt Management and Recovery Policy	28 January 2015
Forrest Mountain Bike Trails Strategic Plan	25 March 2015
Fraud Prevention and Control Policy	22 April 2015
Risk Management Policy	22 April 2015
Internal Audit Policy	22 April 2015
Tiger Rail Trail Feasibility Study	22 April 2015
Information Privacy Policy	22 April 2015
G21 and AFL Barwon Regional Strategy	27 May 2015
G21 Regional Tennis Strategy	27 May 2015
Revised Council Plan 2013-2017 and Strategic Resource Plan 2015-16 to 2018-19	24 June 2015
Access, Equity and Inclusion Plan 2015-2025	24 June 2015
The 50+ Plan 2015-2025	24 June 2015
Strategic Road Review	24 June 2015

AUDIT COMMITTEE

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

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

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

Audit Committee	Eligible to Attend*	Actual Attendance
Mr Mike Said, Independent Member and Chairperson (EMES Consulting)	5	5
Ms Linda MacRae, Independent Member (Local Solutions Pty Ltd)	5	5
Cr Stephen Hart	5	5
Cr Michael Delahunty	5	5

*The Audit Committee meeting usually held in June 2014 was held on 2 July 2014.

Mr Mike Said was reappointed Chairperson of the committee on 3 December 2014.

Ms Linda MacRae was reappointed to the Committee commencing 1 May 2013.

Cr Stephen Hart and Cr Michael Delahunty were appointed to the Committee at the Special Council held on 19 November 2014.

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

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

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

Outcomes

- Developed an Audit Committee Plan for the year
- Review and endorsement of the 2013/14 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Review End of Year Management Report 2013/14
- Review of various Victorian Auditor General's (VAGO) Reports to Parliament applicable to Local Government including Results of the 2013-14 Audits
- Review of the 2014/15 External Audit Strategy
- Review of Audit Committee Charter, Internal Audit Policy, Fraud Prevention and Control Policy and Risk Management Policy
- Review of Risk Management Issues and monitoring of the Risk Register developments
- Review Benchmarking/Performance Indicator Information
- Quarterly reporting of Fraud Control Program
- Quarterly monitoring of Excess Annual Leave of staff
- Review of Quarterly Performance Reports to Council
- Review of Council Plan and Budget
- Reviewed the audit scopes, reports and recommendations of internal audit projects, including Legislative Compliance, Councillor Expenses, Food Act 1984, Compliance and Immunisation Management
- Reviewed resourcing of Internal Audit
- Review updated report on IT Control Environment Review
- Review of Waste Management results
- Review of Procurement/Purchasing Practices
- Review of progress of the Local Government Performance Reporting Framework.

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

Council's Internal Auditor is Crowe Horwarth.

CORPORATE GOVERNANCE

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

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

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

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

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

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

Right: *Strelitzia bloom, Colac Botanic Gardens.*

COUNCIL PLAN STRUCTURE

The Council Plan 2013-2017, developed with extensive community consultation, is a high level strategic document responding to the issues faced by our community and sets out our goals, key strategic activities and performance indicators for the 4-year period. It also contains the Strategic Resource Plan showing the financial and human resources required to give effect to the plan.

http://www.colacotway.vic.gov.au/Files/Council_Plan_2013_2017_Revised_20150624_Final.pdf

The Council Plan does not contain the detail of day to day operational activities, short-term projects or recurrent work programs. These additional activities and projects that underpin our goals and strategies are contained in our annual Operational Plan.

http://www.colacotway.vic.gov.au/Files/Operational_Plan_2015-2016.pdf



GOVERNANCE AND MANAGEMENT CHECKLIST

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

Column 1 Governance and Management Items	Column 2 Assessment
1. Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 24 July 2013 ✓
2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 24 July 2013 ✓
3. Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 24 June 2015 ✓
4. Annual budget (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: 24 June 2015 ✓
5. Asset management plans (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 plan: Road Management Plan, 15 December 2014 ✓
6. Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 26 March 2014 ✓
7. Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 22 April 2015 ✓
8. Fraud policy (policy outlining council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 22 April 2015 ✓
9. Municipal emergency management plan (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: 17 December 2014 ✓
10. Procurement policy (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: 28 May 2014 ✓
11. Business continuity plan (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: 31 March 2015 ✓
12. Disaster recovery plan (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: 31 March 2015 ✓
13. Risk management framework (framework outlining council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 22 April 2015 ✓

Column 1 Governance and Management Items	Column 2 Assessment	
14. Audit Committee (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 December 1995	✓
15. Internal audit (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: 31 July 2012	✓
16. Performance reporting framework (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 July 2014	✓
17. Council Plan reporting (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 report: 28 January 2015	✓
18. Financial reporting (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. 22/10/2014 Q2. 28/01/2015 Q3. 22/04/2015 Q4. 23/09/2015	✓
19. Risk reporting (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 3/12/2014 Full Year 22/06/2015	✓
20. Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports Date of report: Audit Committee Report, 3 December 2014	✓
21. Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the Act Date of consideration: 22 October 2014	✓
22. Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the Act Date reviewed: 27 February 2013	✓
23. Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act Date of review: 22 April 2015	✓
24. Meeting procedures (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 26 November 2014	✓

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



Cr Frank Buchanan, Mayor
Dated: 23 September 2015



Sue Wilkinson, Chief Executive Officer
Dated: 23 September 2015

RISK MANAGEMENT

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

In 2014/15 a major improvement was the implementation of a more systematic process for reviewing risks in the Risk Register and ensuring that all risks were formally assessed at least annually. Changes were made to the way in which the Risk Committee operated. This included rotating invitations for 25% of risk owners (Managers) to attend and review their risks at quarterly meetings, in conjunction with Committee members. Minutes of the Risk Management Committee are reviewed by the Executive and included in the Risk report to the Audit Committee. Additionally, six-monthly reports on the Risk Register are provided to the Audit Committee, highlighting any new significant risks or changes to residual risk ratings.

In April 2015 Council endorsed a revised Risk Management Policy. The Policy emphasises a systematic approach to identifying, analysing and mitigating risks required by the Australian/New Zealand Joint Standard for Risk Management (AS/NZS ISO 31000:2009). The supporting policies, internal controls and standards for the Risk Management Strategy are reviewed and monitored by the Risk Management Committee at its quarterly meetings. Identified risks have been added to our risk register within TRIM, our corporate records system, and allocated to appropriate managers for action.

INSURING OUR RISKS

Public and Professional Liability

We experienced an increase of approximately 25% in the cost of our Liability Mutual Insurance (LMI) for 2014/15. Our insurer advised that the significant rise was due to the general increase in claims across the sector during the past five years and a spike in claims in the past year. Property damage claims, along with personal injury claims and planning matters were highlighted as the key drivers of the increase.

Council resumed its participation in the Liability Mutual Insurance (LMI) audits in 2015. Council's ongoing progression through this process was based on a review of the previous five years of claims history. LMI conducted the audit in June 2015 focussing on Road and Tree Management. The review concentrated on the level of compliance of road and tree management systems and policies against Australian Standards (i.e. inspection frequency, maintenance, incident response, investigation and training). There were no high priority findings identified as a result of the audit; however some recommendations were made regarding possible process improvements.

Asset and Commercial and Crime insurances

We maintained our asset (JMAPP) and fidelity insurance. Council achieved the following outcomes through the associated audit process which was conducted in June 2015. The auditor verified the level of compliance of the building asset protection system including business continuity planning. A number of Council buildings were inspected along with a review of procedures, asset registers and the Corporate Business Continuity Plan. There were no major non-conformances identified during the audit. The Audit score for 2014-2016 was 69%, representing a 10% improvement over the 2012-2014 score of 59%.

WorkSafe insurance

Our WorkSafe insurance premium for 2014/15 increased by a substantial 35% over the previous reporting period. The higher premium reflected in the significant increase in the number of standard claims made during this reporting period; eight compared with one for 2013/14. The number of claims resulted in a total incurred claims cost from \$0.00 in 2013/14 to \$343,921 in 2014/15, involving claims with major surgery and the provision of hearing aids.

CONTINUOUS SERVICE IMPROVEMENT

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

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

The following service improvements were implemented during 2014/15:

Processing of Planning Permit Applications

The following improvements were made to streamline processing of planning permit applications:

- Reduction in the number of planning applications being referred internally for comment during an application process. Referrals also occur earlier in the process to minimise potential for later delays.
- Memorandum of Understanding developed with the water authorities to reduce the number of planning applications referred to them based on standard conditions. Expected to be finalised early in 2015/16.
- Survey introduced for applicants and objectors when decisions are made on planning applications, seeking feedback on their satisfaction with the process.
- Reporting templates reviewed to streamline content for the more straight forward permit applications to reduce the time taken for decision.

Community Services

- Diversity training is now a mandatory part of Council's Older Person's and Ability Support Services (OPASS) training.
- The OPASS Team Leaders commenced monitoring the progress on the implementation of the Diversity Plan, Active Service Model and appropriate training needs.

Economic Development and Events

- Council has redeveloped its Events function as part of an internal restructure to focus on event generation to support local industry and communities rather than simply event regulation.
- Reviewed the Funding Advances to Community Organisations policy along with the guidelines and application forms for the Festival and Events Support Scheme and Council's Community Grants Program. The review ensures that Council appropriately allocates funding to community groups.
- PRINCE2 project management methods have been implemented across a range of projects including major strategy development such as the Economic Development Strategy as well as the Small Towns Infrastructure program.

Compliance

- The enforcement of Council's Local Laws is a complex and sometimes dangerous task. In order to continuously improve our services we have identified ways to get efficiency gains and undertake tasks in a safer manner:
 - A K9 Cube, a new animal management tool, has been installed on one of the Council vehicles to enable large dogs to be picked up more quickly and safely.
 - A business case was developed for purchasing hand held devices to enable Infringement Notices to be issued electronically. This will save time in the field and significantly reduce the amount of administration time for downloading data into the Council database.
- As part of the organisational restructure compliance activities, such as planning, fire prevention and local laws enforcement, were centralised to achieve improved outcomes.

LEGISLATIVE COMPLIANCE

Privacy and Data Protection Act 2014

The *Privacy and Data Protection Act 2014* came into effect on 2 September 2014 replacing the *Information Privacy Act 2000*. The new Act is intended to strengthen the protection of personal information and other data held by the Victorian public sector.

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/Page/Download.asp?name=Information_Privacy_2015.doc&size=75776&link=../Files/Information_Privacy_2015.doc. 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 2014/15.

FREEDOM OF INFORMATION ACT 1982

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

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

Freedom of information requests must be made in writing and be accompanied by a \$25.70 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/Files/Freedom_of_information_Application_2014.pdf

http://www.colacotway.vic.gov.au/Files/FOI_Information_Sheet.pdf

Under legislation, Council must decide if the information will be provided within 45 days.

Appeals

Applicants may appeal the decision made about their FOI request or the cost charged for access to documents. The letter containing the decision also outlines the appeal process. There were 14 FOI requests received in 2014/15.

PROTECTED DISCLOSURE ACT 2012

The *Protected Disclosure Act 2012* commenced on 10 February 2013, replacing the *Whistleblowers Protection Act 2011*. Council has established guidelines for responding to protected disclosures, which establishes a process for reporting improper conduct or detrimental action by Colac Otway Shire or its employees. Disclosures can be made to the nominated council staff or to the Independent Broad-based Anti-corruption Commission (IBAC). Disclosures may be made by any person including a member, officer or employee of Colac Otway Shire. There were no protected disclosures in 2014/15.

http://www.colacotway.vic.gov.au/Files/Protected_Disclosure_Act_2012_Procedures.pdf

CARERS RECOGNITION ACT 2012

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

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

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

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

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

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

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

DOMESTIC ANIMALS ACT 1994

Under the Act Council is required to create a Domestic Animal Management Plan and to evaluate its implementation in the annual report. The plan was prepared in accordance with the requirements and responsibilities under the *Domestic Animals Act 1994*, the Impounding of *Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies. It was endorsed by Council on 24 July 2013 and will be reviewed in 2016.

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.

Our commitment to animal welfare is showing results, with the numbers of animals registered increasing and impoundments decreasing.

As at 30 June 2015 there were 6,284 domestic animals registered; 4,760 dogs and 1,524 cats:

- Of the 329 dogs impounded, 288 were returned to their owner, 24 were rehoused and 17 were euthanised. There has also been a small decrease in the dog euthanasia rate, which is encouraging (down from 20 in 2013/14). Despite our best efforts to rehouse animals, the number of people wanting to adopt suitable dogs is difficult to maintain.
- Of the 115 cats impounded (up from 42 in 2013/14), 3 were returned to their owner, 89 were rehoused and 23 were euthanised. We continued to receive support through a local vet who is running a cat adoption program and a reduced price de-sexing program.

Overall, of the 444 animals impounded (up from 312 in 2013/14), 91% were returned to their owner or re-housed (92% in 2013/14). These figures only include animals that were physically brought to the pound and not the many animals that were immediately returned to their owners.

ROAD MANAGEMENT ACT 2004

Council, as a road authority, is required under Section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No directions were received from the Minister in 2014/15.

EQUAL OPPORTUNITY ACT 2010

(See the Our People section on page 29 for a detailed report).

PUBLIC ACCESS TO REGISTERS AND DOCUMENTS

Under the *Local Government Act 1989*, 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 26 Rae Street, Colac from 8.30am to 5.00pm Monday to Friday.

- Details of current allowances fixed for the mayor and councillors.
- Details of senior officer's total salary packages for the current financial year and previous year.
- Details of overseas or interstate travel undertaken in an official capacity by councillors or any council staff in the previous 12 months.
- Names of council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Names of councillors who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Agendas and minutes for Ordinary and Special Council meetings held in the previous 12 months.
- A list of all special committees established by the Council and the purpose for which each committee was established.
- A list of all special committees established by Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under Section 86 of the Act and held in the last 12 months.
- A register of delegations kept under the *Local Government Act 1989*.
- Submissions received under Section 223 of the Act during the previous 12 months.
- Agreements to establish a regional library.
- Details of all property, finance and operating leases entered into by Council.
- Register of authorised officers appointed under Section 224 of the Act.
- A list of donations and grants made by the Council during the financial year.
- A list of the names of the organisations of which the Council was a member during the financial year.
- A list of contracts valued at \$100,000 (or such higher amount as is fixed from time to time) or more which Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in 186(5) of the Act.

Council's website www.colacotway.vic.gov.au also offers extensive information ranging from council meeting agendas and media releases to job vacancies and the minutes of council meetings.

VICTORIAN LOCAL GOVERNMENT INDICATORS

The Minister for Local Government, under the authority of the *Local Government Act 1989* requires every Council to report on the following indicators:

	2010/11	2011/12	2012/13	2013/14	2014/15
Affordability					
Average rates and charges per assessment	\$1,400	\$1,474	\$1,586	\$1,682	\$1,784
Average rates and charges per Residential assessment	\$1,151	\$1,222	\$1,314	\$1,459	\$1,567
Sustainability					
Average liabilities per assessment	\$977	\$1,169	\$1,024	\$1,080	\$1,160
Operating result per assessment – surplus/(deficit)	\$222	\$64	\$118	\$184	\$768
Services					
Average operating expenditure per assessment	\$2,580	\$2,794	\$2,935	\$2,768	\$2,874
Community Satisfaction Survey for overall performance generally of the Council	Index Mean N/A	Index Mean N/A*	Index Mean 57	Index Mean 48	Index Mean 53
Infrastructure					
Average capital expenditure per assessment	\$780	\$774	\$803	\$888	\$1,266
Renewal					
Current spending on renewal to Asset base consumed during the year	109%	84%	87%	121%	102%
Renewal and Maintenance					
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	105%	94%	127%	189%	163%
Governance					
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean N/A	Index Mean N/A*	Index Mean 59	Index Mean 50	Index Mean 51
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean N/A	Index Mean N/A*	Index Mean 55	Index Mean 49	Index Mean 48

* To improve the quality and representativeness of the Community Satisfaction Survey (CSS) the State Government revised the survey in 2012, with methodological and content changes including:

- an improved index calculation system,
- sample size changes,
- change to a population representative survey rather than a household head survey, and
- reframing of many of the questions.

Scores cannot be compared to previous years due to the above changes; however future results will gradually build a comparative picture.

OUR FINANCES

FINANCIAL PERFORMANCE

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2014/15 and our financial position at the end of the period. It enables an assessment of our ability to deliver current services and maintain existing facilities in the longer-term.

In brief

We achieved an \$11.46 million surplus in 2014/15; \$8.44 million better than budget expectations. This was due to:

- Additional infrastructure funding of \$2.80 million.
- Additional operating grants received of \$3.67 million. The majority of this (\$2.99 million) related to the prepayment of 50% of the 2015/16 Financial Assistance Grant by the Victoria Grants Commission.
- Additional \$0.52 million of donated infrastructure assets.
- Additional \$0.38 million in cash contributions.
- A reduction in anticipated asset write-offs of \$1.52 million as a result of significantly improved asset management.

These gains included the pre-payment of \$2.99 million in Financial Assistance grants. This income relates to future expenditure and will be offset in the 2015/16 financial year.

We ended the financial year with a total cash balance of \$15.70 million compared to \$12.82 million in 2013/14 (included \$2.99 million grants received in advance).

Total borrowings increased slightly over 2014/15, to \$5.37 million from \$4.92 million. New borrowings totalled \$1.0 million and repayments totalled \$0.55 million (see Liabilities on page 98).

Operating results

We achieved an \$11.46 million surplus for the 2014/15 financial year, compared to \$2.74 million for 2013/14; however this was due to a combination of factors including increased grant income, increased contributions, both cash and assets, and reduced asset management expenses. This is the ninth successive surplus, which is a significant result given the increasing demands on Council services.

We face increased financial constraints. Financial Assistance Grants from the Federal Government have been frozen at current levels for the period 2013/14 - 2016/17. This funding had previously been indexed at the inflation rate. The impact of the freeze on grants is a reduction in excess of \$890,000 over the three year period.

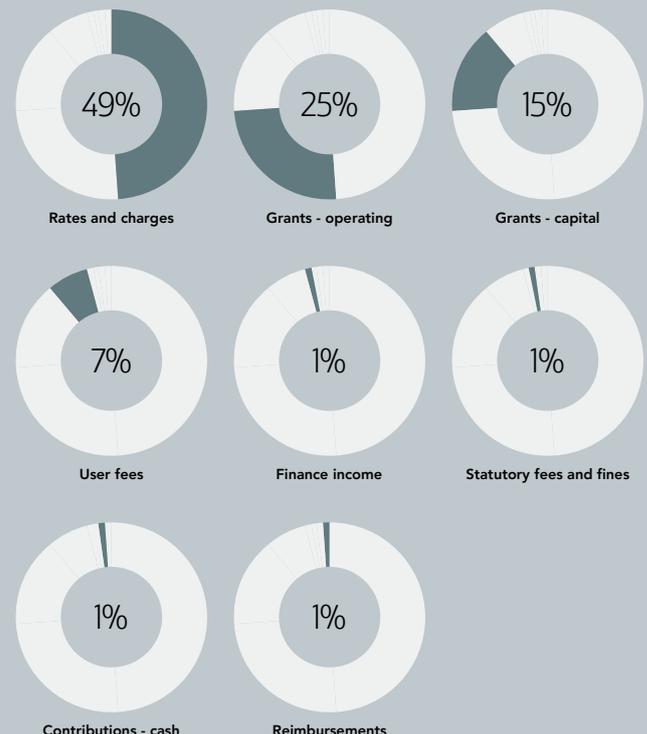
Our major challenge is to deliver a surplus to fund infrastructure renewal requirements whilst maintaining service levels.

Revenue

Our total revenue for 2014/15 was \$54.35 million (budgeted \$46.16 million) compared with \$43.97 million for 2013/14. Further detail on our income can be seen in the Comprehensive Income Statement.

An analysis of Council's revenue sources highlights that 88% of our income is derived from three income categories:

Rates and charges	Operating grants	Capital grants
49%	25%	15%

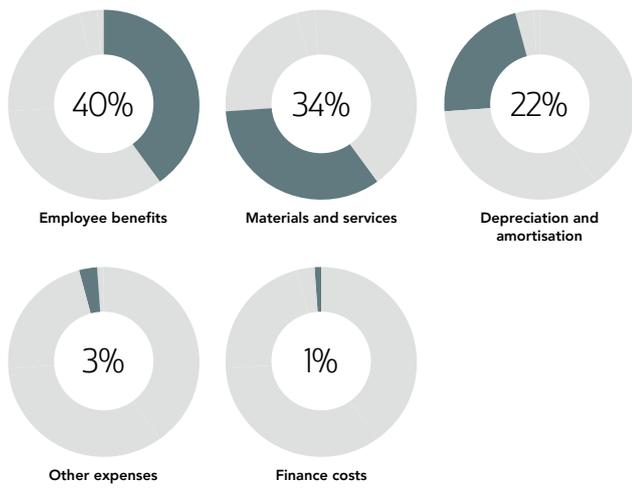


Expenditure

Our total expenses for 2014/15 were \$42.89 million; \$1.66 million more than the \$41.23 million spent in 2013/14 (detailed in the Comprehensive Income Statement).

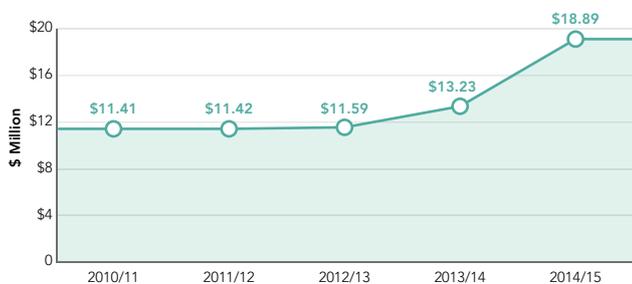
An analysis of expenses indicates that 96% were in the following three categories:

Employee Benefits	Materials and Services	Depreciation and Amortisation
40%	34%	22%



Capital Works

In 2014/15 we increased our investment in Capital Works activities by \$5.66 million to a total of \$18.89 million. Renewal and upgrade of our existing assets accounted for \$16.99 million and we spent \$1.89 million on new works (principally the construction of the Pascoe Street carpark in Apollo Bay and various new footpaths across the shire). The investment in capital works is a strategic approach to maintaining or renewing the community's existing assets as they age.



Activities included:

- \$8.19 million on redevelopment of the Bluewater Leisure Centre.
- \$5.79 million on road works.
- \$1.69 million on renewal of Council's plant, machinery and equipment.
- \$1.02 million on footpaths and cycleways works.
- \$0.76 million on bridge works.
- \$0.27 million on drainage works.

Assets

Our total assets are valued at \$308 million; 99% consisting of:

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

Liabilities

Our total liabilities were \$17.32 million, as at 30 June 2015. Liabilities included loans, amounts owed to suppliers, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements.

Liabilities increased by \$1.23 million, in comparison with 2013/14. This was due to an increase in provisions, including landfill restorations and a \$0.45 million increase in borrowings.

Provisions for employee benefits increased by \$0.26 million, due to allowing for future employee leave liabilities. Council's provision for landfill restoration increased by \$0.20 million after a reassessment of works required and costings.

Council's borrowings liability levels increased from \$4.92 million in 2013/14 to \$5.37 million in 2014/15.

During 2014/15 Council made total loan repayments (principal and interest) of \$0.55 million. This, along with the new borrowings of \$1.00 million, Council's contribution to the Bluewater Leisure Centre redevelopment, resulted in an overall net increase in debt of \$0.45 million. Council's current debt is within the prudential ratio limits previously used by the Victorian State Government.

Loan liability



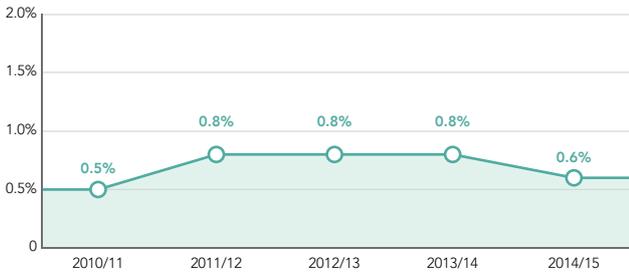
FINANCIAL INDICATORS

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

Debt Servicing Ratio

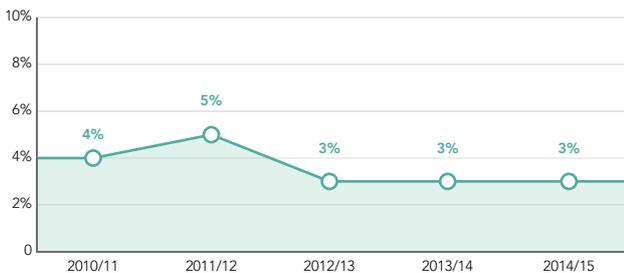
The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better Council's performance. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank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

The ratio of 0.6% is well under the prudential limit of 5% previously set by the Victorian Government and indicates that we are comfortably able to service existing debt levels.



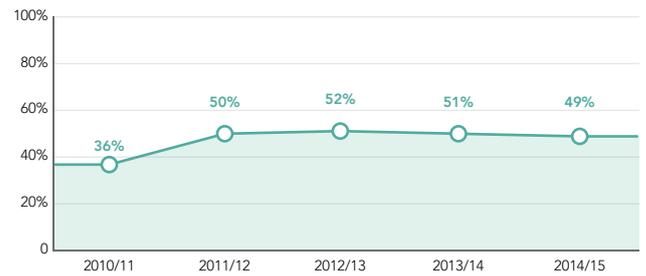
Debt Commitment Ratio

The Debt Commitment Ratio is used to illustrate how much of our revenue is used to fund our existing debt for the year. This includes the payment of loan principal and interest and finance lease principal and interest. The rate at which the ratio either increases or decreases is a reflection of our debt redemption strategy. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. Our Debt Commitment Ratio has remained steady at 3% for 2014/15, well under the 10% limit previously set by the Victorian State Government.



Revenue Ratio

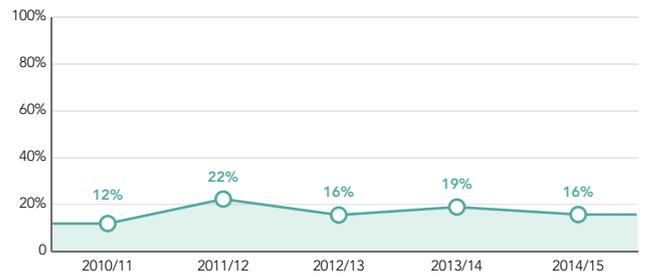
The Revenue Ratio shows the level of our reliance on rate revenue. It is an indication of how much of our total revenue comes from rates and charges. It is influenced by other revenue sources such as government grants, contributions, special charges, user fees and charges. Rate income is a secure and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



Debt Exposure Ratio

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

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



FINANCIAL SUSTAINABILITY INDICATORS

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

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

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

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

In the following graphs, the figures for the financial years 2010/11 to 2013/14 are taken from the Victorian Auditor-General’s (VAG) report. Results for Council’s category of ‘Large Rural Shires’ commences on page 100 in the following link: <http://www.audit.vic.gov.au/publications/20150226-Local-Government/20150226-Local-Government.pdf>

The 2014/15 figures in the graphs are our calculations of the ratios, as the final VAG figures are not due until late 2015.

Financial Sustainability Risk Matrix

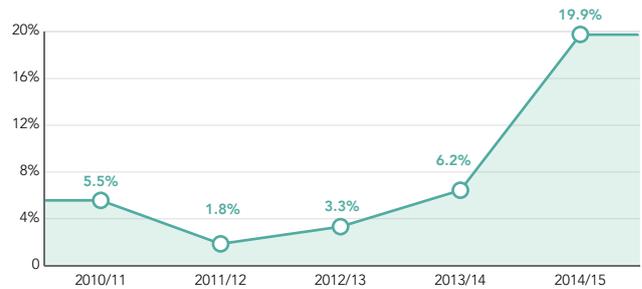
The matrix shows an excellent result for 2014/15, with all indicators at Low risk.

Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Underlying Result Ratio	19.9%	Negative 10% or less	Between negative 10% and zero	Greater than zero
Liquidity Ratio	226%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	28%	Greater than 60%	Between 40% and 60%	Less than 40%
Self-Financing Ratio	40%	Less than 10%	Between 10% and 20%	Greater than 20%
Capital Replacement	201%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Renewal Gap	181%	Equal to or less than 50%	Between 50% and 100%	Greater than 100%

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

Underlying Result Ratio

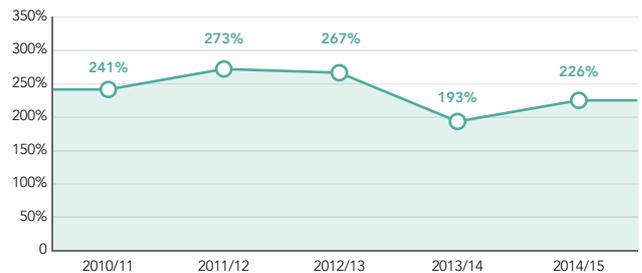
This ratio includes capital grants that aid in generating an underlying surplus. This can be utilised for new assets or asset renewal. This result places Council within the ‘Low’ risk category for financial sustainability (see page 21).



Liquidity Ratio

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

To be considered at Low risk by the Auditor General the ratio must be greater than 150%. This is reflected in Council’s Strategic Resource Plan objective to maintain a ratio of at least 150%. Our current ratio of 226% is well over the recommended target for low risk. This is a very positive result. It means that we have no immediate issue with repaying our liabilities when they fall due.



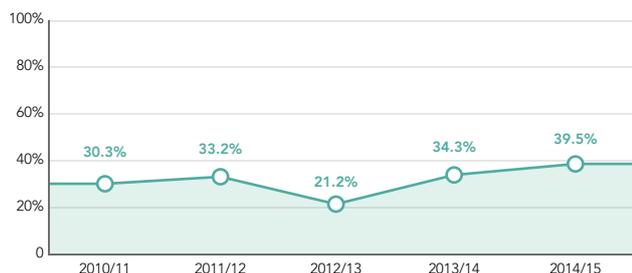
Indebtedness Ratio

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



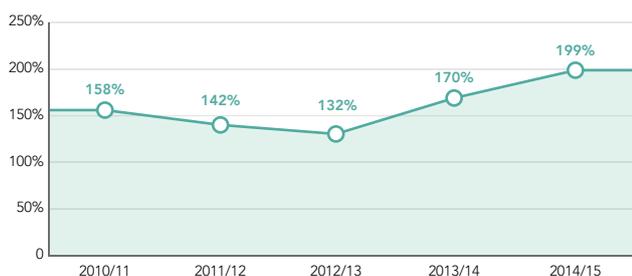
Self Financing Ratio

Results indicate that we are generating enough cash from operations to fund the renewal of existing assets. We have moved from 21.2% in 2012/13 to 39.5% in 2014/15 placing Council comfortably in the low risk category. It signifies the strength of our cash flow generated by operations.



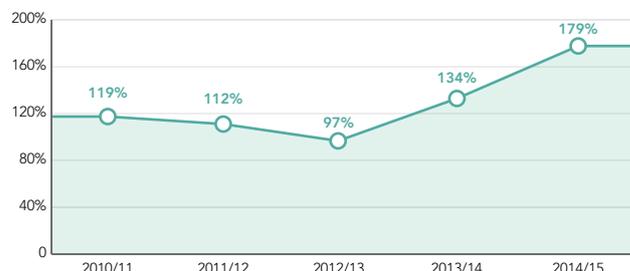
Capital Replacement

This ratio is about the overall spending on assets, both new and existing. The graph shows that from 2010/11 to 2012/13 there was a steady decline in the ratio over the three years, resulting in a medium risk classification; however during the past two years we have addressed this risk by a strong focus on asset management, resulting in a low risk classification for 2013/14 and 2014/15.



Renewal Gap

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). A significant rise in the ratio for the past two years places us firmly in the low risk category.



UNDERSTANDING THE FINANCIAL STATEMENTS

Introduction

The financial statements show Council's performance during 2014/15 and our overall financial position as at 30 June 2015.

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

The financial report comprises two sets of statements:

- General Purpose Financial Statements (see page 96)
- Performance Statement (see page 162)

Annual Financial Report

The Annual Financial Report contains the General Purpose Financial Statements. The data throughout this report includes all entities controlled by Council; in essence, a consolidated or combined position. It covers the functions of the Colac Otway Shire Council and those of the Port of Apollo Bay. To understand the activities of the Port in isolation, refer to Note 16 of the General Purpose Financial Statements.

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

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

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

Comprehensive Income Statement

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

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

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

Balance Sheet

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

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

Current and Non-Current Assets

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

Current and Non-Current Liabilities

- Trade and other payables are monies owed by Council as at 30 June each financial year.
- Trust funds and deposits are monies received and held by Council.

- Provisions include landfill rehabilitation works and employee benefits, such as accrued long service and annual leave.
- Interest bearing liabilities includes loans repaid over a set period of time. Lease liabilities are leases of assets where ownership of the asset is transferred to Council.

Net Assets

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

Total Equity

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

Statement of Changes in Equity

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

The main reasons for changes in equity are:

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

Statement of Capital Works

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

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

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

Statement of Cash Flows

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

The amounts disclosed in the Cash Flow Statement are at gross value including GST where applicable. Our cash flows from, and is used in, three main areas:

1. Cash Flow from Operating Activities

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

2. Cash Flow from Investing Activities

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

3. Cash Flow from Financing Activities

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

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

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

Notes to the Accounts

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

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

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

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

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

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

WHAT IS THE PERFORMANCE STATEMENT?

The Performance Statement reports on the Council's progress for the financial year against the Strategic Performance Indicators adopted as part of the annual budget. They include financial and non-financial data.

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

Statements by Principal Accounting Officer and Councillors

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

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

Auditor General's Report

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

FINANCIAL REPORT

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COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Income			
Rates and charges	3	26,629	25,055
Statutory fees and fines	4	508	501
User fees	5	3,634	3,497
Grants - operating	6(a)	13,319	7,960
Grants - capital	6(b)	8,237	5,705
Contributions - monetary	7(a)	624	251
Contributions - non-monetary	7(b)	519	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	8	(4)	97
Investment in associates, joint ventures	16	(123)	46
Other income	9	1,005	855
Total income		54,348	43,967
Expenses			
Employee costs	10	17,306	16,723
Materials and services	11	14,405	14,661
Bad and doubtful debts	12	24	62
Depreciation and amortisation	13	9,489	8,263
Borrowing costs	14	347	336
Other expenses	15	1,322	1,181
Total expenses		42,893	41,226
Surplus/(deficit) for the year		11,455	2,741
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increments/decrements	27	262	(5,013)
Total comprehensive result		11,717	(2,272)

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

BALANCE SHEET

AS AT 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	15,696	12,815
Trade and other receivables	18(a)	3,120	2,576
Inventories	19	147	182
Other assets	20	19	102
Total current assets		18,982	15,675
Non-current assets			
Trade and other receivables	18(b)	-	12
Investment in associates, joint ventures	16	274	397
Property, infrastructure plant and equipment	21	288,944	279,081
Intangible assets	22	132	218
Total non-current assets		289,350	279,708
Total assets		308,332	295,383
Liabilities			
Current liabilities			
Trade and other payables	23	2,950	2,670
Trust funds and deposits	24	292	248
Provisions	25	4,549	4,669
Interest-bearing loans and borrowings	26(a)	591	552
Total current liabilities		8,382	8,139
Non-current liabilities			
Provisions	25	4,160	3,581
Interest-bearing loans and borrowings	26(b)	4,775	4,365
Total non-current liabilities		8,935	7,946
Total liabilities		17,317	16,085
Net assets		291,015	279,298
Equity			
Accumulated surplus/(deficit)		132,809	116,790
Reserves	27	158,206	162,507
Total Equity		291,015	279,298

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2015					
Balance at beginning of the financial year		279,298	116,790	150,422	12,086
Accumulated surplus/(deficit)		11,455	11,455	-	-
Asset revaluation increment	27(a)	384	-	384	-
Asset revaluation (decrement)	27(a)	(122)	-	(122)	-
Transfers to other reserves	27(b)	-	(6,738)	-	6,738
Transfers from other reserves	27(b)	-	11,302	-	(11,302)
Balance at end of the financial year		291,015	132,809	150,684	7,522
2014					
Balance at beginning of the financial year		279,234	110,118	155,434	13,682
Accumulated surplus/(deficit)		2,741	2,741	-	-
Asset revaluation increment	27(a)	4,122	-	4,122	-
Asset revaluation (decrement)	27(a)	(9,135)	-	(9,135)	-
Adjustments directly to equity	37	2,334	2,334	-	-
Transfers to other reserves	27(b)	-	(11,124)	-	11,124
Transfers from other reserves	27(b)	-	12,721	-	(12,721)
Balance at end of the financial year		279,298	116,790	150,422	12,086

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



STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
Property		
Buildings	8,552	3,245
Total property	8,552	3,245
Plant and equipment		
Plant, machinery and equipment	1,694	4,159
Fixtures, fittings and furniture	495	69
Computers and telecommunications	55	61
Total plant and equipment	2,244	4,289
Infrastructure		
Roads	5,790	4,510
Bridges	764	347
Footpaths and cycleways	1,015	718
Drainage	266	73
Other infrastructure	256	50
Total infrastructure	8,091	5,698
Total capital works expenditure	18,887	13,232
Represented by:		
New asset expenditure	1,889	2,151
Asset renewal expenditure	9,632	9,965
Asset upgrade expenditure	7,366	1,116
Total capital works expenditure	18,887	13,232

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

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Inflows/ (Outflows) \$'000	2014 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		26,768	24,953
Statutory fees and fines		657	560
User fees		3,447	3,966
Grants - operating		13,078	9,825
Grants - capital		8,266	5,712
Contributions - monetary		641	263
Interest received		504	572
Trust funds and deposits taken		83	-
Other receipts		528	202
Net GST refund		2,997	2,195
Employee costs		(17,061)	(16,768)
Materials and services		(16,127)	(15,042)
Trust funds and deposits repaid		(39)	-
Other payments		(1,607)	(1,288)
Net cash provided by/(used in) operating activities	28	22,135	15,150
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(19,790)	(14,087)
Proceeds from sale of property, infrastructure, plant and equipment		438	407
Net cash provided by/(used in) investing activities		(19,352)	(13,680)
Cash flows from financing activities			
Finance costs		(349)	(343)
Proceeds from borrowings		1,000	416
Repayment of borrowings		(552)	(473)
Net cash provided by/(used in) financing activities		99	(400)
Net increase/(decrease) in cash and cash equivalents		2,881	1,070
Cash and cash equivalents at the beginning of the financial year		12,815	11,745
Cash and cash equivalents at the end of the financial year	29	15,696	12,815
Financing arrangements	29		
Restrictions on cash assets	17		

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Introduction

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

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

Statement of compliance

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

The purpose of the Council is to:

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

The following information is provided:

External Auditor:
Auditor-General of Victoria

Internal Auditor:
Crowe Horwath

Solicitors:
Maddocks Lawyers
Harwood Andrews Pty Ltd

Bankers:
Commonwealth Bank

Website address:
www.colacotway.vic.gov.au



NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015



Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

(b) Changes in accounting policies

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

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed.

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

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

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

Operations consolidated into Council include:

Port of Apollo Bay - as the Council is the appointed Port Manager on behalf of the Victorian Government.

(d) Committees of management

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

(e) Accounting for investments in associates and joint arrangements

Associates

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

Council has one associate entity being Corangamite Regional Library Corporation for which it has a 23.9% share.

Joint arrangements

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

(i) Joint operations

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

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

(ii) Joint ventures

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

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

(f) Revenue recognition

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

Rates and Charges

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

Statutory fees and fines

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

Any fines previously recognised as income but are referred to the court or policing system are processed as withdrawn income.

User fees

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

Grants

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

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Dividends

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

Other Income

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

(g) Fair value measurement

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

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

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

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

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

(g) Fair value measurement (continued)

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

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

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

(j) Other financial assets

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

(k) Inventories

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

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

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

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

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

(i) Acquisition

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

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

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

(ii) Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable parties. 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.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

(ii) Revaluation (*continued*)

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

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

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

(iii) Land under roads

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

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

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

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

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

Artworks are not depreciated.

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

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



Note 1 Significant accounting policies - continued

(n) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles (cont'd)

Asset recognition thresholds and depreciation periods	Average Depreciation Period	Depreciation Period	Threshold Limit \$'000
Land and Buildings			
Land			
land	-	-	-
land under roads	-	-	-
land improvements	-	-	5
Buildings			
heritage buildings	57 years	10 - 180 years	5
buildings	57 years	10 - 180 years	5
shelters	57 years	10 - 90 years	5
building improvements	57 years	10 - 180 years	5
leasehold improvements	57 years	10 - 180 years	5
Plant and Equipment			
Furniture			
artwork	37 years	0 - 100 years	4
indoor furniture	11 years	5 - 30 years	4
playground equipment	16 years	10 - 40 years	4
Plant			
heritage plant and equipment	-	-	10
fixed plant, machinery and equipment	18 years	3 - 50 years	10
fleet (vehicles)	3 years	3 - 30 years	10
major plant	18 years	3 - 50 years	10
minor plant	4 years	3 - 10 years	4
Equipment			
appliances	4 years	3 - 60 years	4
fixed equipment/fixtures and fittings	10 years	5 - 55 years	4
computers and telecommunications	5 years	3 - 21 years	4
leased plant and equipment	-	-	4

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

(n) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles (cont'd)

Asset recognition thresholds and depreciation periods	Average Depreciation Period	Depreciation Period	Threshold Limit \$'000
Infrastructure			
Infrastructure			
road and tarmac formation and earthworks	-	-	10
road and tarmac pavements	78 years	10 - 80 years	10
road and tarmac substructure	-	-	10
road and tarmac seals	15 years	10 - 60 years	10
road and tarmac kerb, channel and minor culverts	80 years	45 - 80 years	2.5
footpaths and cycleways	38 years	15 - 50 years	2.5
Bridges			
bridges deck	46 years	10 - 70 years	10
bridges substructure	46 years	10 - 70 years	10
bridges major culverts	67 years	50 - 70 years	10
Drainage			
open drainage network	85 years	10 - 100 years	10
pit and pipe network	85 years	40 - 100 years	10
water retention structures	85 years	80 - 100 years	10
Other Infrastructure			
gardens and landscaping	11 years	5 - 25 years	10
playing surfaces	19 years	10 - 70 years	10
retaining structures	30 years	10 - 45 years	10
maritime infrastructure (not included elsewhere)	85 years	25 - 100 years	50
off street car parks	30 years	25 - 100 years	10
aerodromes	30 years	25 - 100 years	10
Intangible assets			
software	5 years	5 years	4

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

(o) Repairs and maintenance

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

(p) Investment property

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

(q) Impairment of assets

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

(r) Asset Write Off

Upon the renewal or upgrade of an asset or components of an asset, where all remaining material is removed, the remaining written down value of the asset is expensed to the comprehensive income statement.

(s) Trust funds and deposits

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

(t) Borrowings

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

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

Borrowing costs

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

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

(u) Employee costs and benefits

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

(i) Wages and salaries and annual leave

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

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

(ii) Long service leave

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

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

The components of this current liability are measured at:

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

(iii) Termination benefits

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

(iv) Employee benefits on-costs

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

(v) Classification of employee costs

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

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

(v) Landfill rehabilitation provision

Council is obligated to restore landfill sites to a particular standard. The forecast life of the site is 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.

(w) Leases

(i) Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council leases its copier/printers through a finance company but as ownership cannot transfer to council under the agreement the leases are regarded as operational.

Council does not currently have any finance leases.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 1 Significant accounting policies - continued

(ii) Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred. Council's operating lease for copiers/printers is based on usage volume with a minimum payment based on the agreement minimum volume. For this reason the straight line basis is not appropriate method of expensing the cost.

(iii) Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 1 to 3 year period.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis.

(y) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 32 Contingent liabilities and contingent assets.

w(z) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of Note 30 and presented inclusive of the GST payable.

(aa) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(ab) Rounding

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

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10% 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 25th June 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Budget comparison - continued

(a) Income and Expenditure

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Variance 2015 %	Ref
Income					
Rates and charges	26,094	26,629	535	2%	1
Statutory fees and fines	479	508	29	6%	
User fees	3,619	3,634	15	0%	
Grants - operating	9,650	13,319	3,669	38%	2
Grants - capital	5,258	8,237	2,979	57%	3
Contributions - monetary	251	624	373	149%	4
Contributions - non monetary	-	519	519	100%	5
Reimbursements	157	248	91	58%	6
Finance revenue	468	504	36	8%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	101	(4)	(105)	-104%	7
Share of net profits/(losses) of associates and joint ventures	-	(123)	(123)	100%	8
Other income	86	253	167	194%	9
Total income	46,163	54,348	8,185		
Expenses					
Employee costs	16,635	17,306	(671)	-4%	10
Materials and services	13,892	14,405	(513)	-4%	11
Bad and doubtful debts	-	24	(24)	100%	12
Depreciation and amortisation	9,635	9,489	146	2%	
Borrowing costs	374	347	27	7%	
Other expenses	1,091	1,322	(231)	-21%	13
Fixed asset write off	1,520	-	1,520	100%	14
Total expenses	43,147	42,893	254		
Surplus/(deficit) for the year	3,016	11,455	8,439		

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Budget comparison - continued

(i) Explanation of material variations

Note	Item	Explanation
1	Rates and charges	Rates and charges shows a \$535,000 variance higher than the original budget. The variance is a combination of a higher than anticipated supplementary rating activity combined with a misalignment in budgeted pensioner rebates.
2	Grants - operating	Grants - operating shows a \$3,669,000 variance higher than the original budget. This variance is mainly attributable to timing issues relating to payment of the Victorian Grants Commission funding.
3	Grants - capital	Grants - capital shows a \$2,979,000 variance higher than the original budget. This variance is mainly attributable to Federal Grant funding for the Bluewater Leisure Centre redevelopment not originally budgeted for.
4	Contributions - monetary	Contributions - monetary shows a \$373,000 variance higher than the original budget. The major variances are: <ul style="list-style-type: none"> - \$247,000 Developer contributions received for construction of Pascoe Street carpark, Apollo Bay not budgeted for. - \$54,374 Forrest streetscape project funding received not budgeted for. - \$30,000 Apollo Bay playground redevelopment funding received not budgeted for. - \$81,750 under budgeted developer contributions for open space. - \$95,000 budgeted for Domestic Waste Water Management plan however only \$36,511 received this financial year. - \$31,000 L2P Learner Driver Mentor Programme funding received but not budgeted for.
5	Contributions - non monetary	The following non-monetary contributions were received from various developers that were not budgeted for: <ul style="list-style-type: none"> - \$194,422 footpaths - \$140,060 drainage - \$184,426 roads
6	Reimbursements	Reimbursements shows a \$91,000 variance higher than the original budget. The major variance is an under budgeted amount of \$34,193 for rates legal costs recovered.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Due to market conditions and the condition of disposed assets, the net realised gain on disposal of assets was over budgeted by \$105,000.
8	Share of net profits/ (losses) of associates and joint ventures	Council did not budget for any movement in its equity investment in the Corangamite Regional Library Corporation. Actual results show a \$123,000 reduction in the investment for the year.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Budget comparison - continued

(i) Explanation of material variations (cont'd)

Note	Item	Explanation
9	Other income	Other income shows a \$167,000 variance higher than the original budget. The major variances are: <ul style="list-style-type: none">- \$37,301 in private works income not budgeted for.- \$37,100 variation in legal fees recouped from rates charges.
10	Employee costs	Employee costs show a \$670,000 variance higher than the original budget. The major variances are: <ul style="list-style-type: none">- \$227,610 variation in superannuation contributions budgeted for.- \$173,140 variation in long service leave expense budgeted for.- \$165,030 variation in annual leave expense budgeted for.- \$72,488 variation in sick leave expense budgeted for.
11	Materials and services	Materials and services shows a \$513,000 variance higher than budget. This variance relates to an under budgeted amount in Contractor payments for the year. Most of this has been funded by Grants received for capital works programmes and is reflected in the under budgeted Grants income figures above.
12	Bad and doubtful debts	Council did not budget for any movement in its provision for doubtful debts for the year.
13	Other expenses	Other expenses shows a \$305,000 variance higher than the original budget. The major variances are: <ul style="list-style-type: none">- \$199,955 provision for landfill rehabilitation expense not budgeted for.- \$31,000 L2P Learner Driver Mentor Programme funding paid out but not budgeted for.- \$25,460 under budgeted elected member's allowances.- \$12,500 Freeza Programme funding paid out but not budgeted for.
14	Fixed asset write off	Council originally budgeted to write off \$1.5 million of assets during the year but in actuality no assets were written off during renewal. This reflected the nature of the renewal works undertaken by Council.



NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Budget comparison - continued

(b) Capital Works

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
Property				
Buildings & building improvements	4,106	8,552	4,446	15
Total Property	4,106	8,552	4,446	
Plant and Equipment				
Plant, machinery and equipment	1,417	1,694	277	16
Fixtures, fittings and furniture	89	495	406	17
Computers and telecommunications	307	55	(252)	18
Total Plant and Equipment	1,813	2,244	431	
Infrastructure				
Roads	5,025	5,790	765	19
Bridges	1,000	764	(236)	20
Footpaths and cycleways	689	1,015	326	21
Drainage	590	266	(324)	22
Recreational, leisure and community facilities	156	-	(156)	23
Other infrastructure	595	256	(339)	24
Total Infrastructure	8,055	8,091	36	
Total Capital Works Expenditure	13,974	18,887	4,913	
Represented by:				
New asset expenditure	705	1,889	1,184	
Asset renewal expenditure	9,693	9,632	(61)	
Asset upgrade expenditure	3,576	7,366	3,790	
Total Capital Works Expenditure	13,974	18,887	4,913	

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 2 Budget comparison - continued

(i) Explanation of material variations

Note	Item	Explanation
15	Buildings & building improvements	Buildings and building improvements show a significant variance to budget of \$4.45 million. This was entirely the result of significant spending on the Bluewater Leisure Centre redevelopment being accounted for as a carryover project and placed into the Carried Forward Projects Reserve at the end of 2013/14 and transferred from that reserve during 2014/15, rather than being budgeted for in the initial 2014/15 budget.
16	Plant, machinery and equipment	Plant, machinery and equipment spending included \$0.64 million expenditure on marine plant at the Port of Apollo Bay, which was funded by reserve transfers. This was partially offset by reductions in light and heavy fleet spending as a result of supply delays and reassessments of requirements.
17	Fixtures, fittings and furniture	Fixtures, fittings and furniture shows a considerable variance over budget. This is due to \$0.28 million spending on playgrounds which represented a transfer from the Carried Forward Projects Reserve and was not included in the original budget, along with \$0.12 million in minor fixed plant & equipment purchases which were not budgeted for.
18	Computers and telecommunications	Capital spending on computers and telecommunications was considerably down on what was budgeted. This was due largely to the deferment of certain projects, including: the website replacement project to 2015/16 as a result of more detailed assessment of the requirements being undertaken, the deferment of the installation of the Bluewater Leisure Centre operating software to 2015/16 due to the building works being incomplete at the end of 2014/15, and also to the replacement of booking and management software at the Colac Otway Performing Arts and Cultural Centre not being completed by 30 June 2015
19	Roads	Roads showed a \$0.76 million variance above budget. This was a factor of a number of projects transferred from the Carried Forward Projects Reserve (total \$0.34 million), an additional \$0.21 million in kerb and channel works, and an additional \$0.20 million in reseal projects, again funded from the Carried Forward Projects Reserve.
20	Bridges	There were a number of unfinished bridge projects at the end of the year which have been placed into the Carried Forward Projects Reserve.
21	Footpaths and cycleways	Capital expenditure on Footpaths and cycleways included an amount of \$0.17 million spent on the Old Beechy Rail Trail project which was funded from the Carried Forward Projects Reserve.
22	Drainage	The drainage capital budget for 2014/15 included an amount of \$0.44 million for rural drainage reconstruction. On closer inspection the nature of these works as they were undertaken did not meet the criteria of capital works and were expensed as maintenance.
23	Recreational, leisure and community facilities	The budget for Recreational, leisure and community facilities referred to expenditure on the Cororooke Tennis Court project. This project was delayed due to operational planning issues and has been included to be completed in the 2015/16 budget.
24	Other infrastructure	The budget for other infrastructure included amounts for various street furniture items. The budget was based on an estimate before the beginning of the year. In actuality the condition of Council's street furniture was better than anticipated and therefore did not require replacement to the extent that was originally estimated.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 3 Rates and charges

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

The valuation base used to calculate general rates for 2014/15 was \$5,353 million (2013/14 \$5,402 million).

The 2014/15 and 2013/14 rate in the Capital Improved Value dollar is shown below.

Differential rate	2014/2015	2013/2014
Residential Colac	0.004317	0.004034
Residential Colac East, Colac West, Elliminyt	0.003993	0.004034
Residential Balance of Shire	0.003669	0.003429
Rural Farm	0.003410	0.003187
Holiday Rental	0.004317	0.004034
Commercial/Industrial Colac, Colac East, Colac West, Elliminyt	0.007123	0.006656
Commercial/Industrial Balance of Shire	0.006044	0.005648

	2015 \$'000	2014 \$'000
General rates residential	13,287	11,926
General rates farm/rural	5,343	5,539
General rates commercial/industrial	2,950	2,630
Municipal charge	2,401	2,241
Garbage charge	2,625	2,697
Special rates and charges	23	22
Total rates and charges	26,629	25,055

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation will be first applied in the rating year commencing 1 July 2014.

Note 4 Statutory fees and fines

	2015 \$'000	2014 \$'000
Town planning fees	163	142
Health regulations	130	140
Infringements and costs	106	120
Building permits	80	76
Land information certificates	22	22
Engineering Fees	6	-
Freedom of information	1	1
Total statutory fees and fines	508	501

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 5 User fees

	2015 \$'000	2014 \$'000
Aged services	849	758
Colac livestock selling centre	749	578
Visitor information centre	433	398
Colac Otway Performing Arts & Cultural Centre	427	338
Leisure centre	338	475
Parking, animal control and local laws	217	206
Waste disposal	202	193
Other fees and charges	153	184
Apollo Bay harbour	104	169
Council properties fees and rental	73	93
Town planning and building services	56	18
Child care/children's programs	33	-
Recreation fees	-	87
Total user fees	3,634	3,497

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 6 Grants

			2015 \$'000	2014 \$'000
Grants were received in respect of the following:				
Summary of grants 2014/2015	Capital	Operational		
Commonwealth funded grants				
Recurrent grants	1,246	9,447		
Non-recurrent grants	3,200	40		
Total funding from Commonwealth funded grants	4,446	9,487	13,933	
State funded grants				
Recurrent grants	1,000	2,599		
Non-recurrent grants	2,791	1,233		
Total funding from State funded grants	3,791	3,832	7,623	
Total	8,237	13,319	21,556	
Summary of grants 2013/2014				
Commonwealth funded grants				
Recurrent grants	1,303	3,330		
Non-recurrent grants	1,283	2		
Total funding from Commonwealth funded grants	2,586	3,332		5,918
State funded grants				
Recurrent grants	1,000	2,577		
Non-recurrent grants	2,120	2,051		
Total funding from State funded grants	3,120	4,628		7,748
Total	5,706	7,960		13,666
Summary of grants				
Commonwealth funded grants			13,933	5,918
State funded grants			7,623	7,748
			21,556	13,666

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 6 Grants - continued

	2015 \$'000	2014 \$'000
(a) Grants - operating		
Recurrent - Commonwealth Government		
Victoria grants commission - untied base grant	5,199	1,637
Victoria grants commission - local roads	3,815	1,280
Family and Community Services	331	295
Aged and disability services	56	78
Diesel rebate scheme	47	41
	9,448	3,331
Recurrent - State Government		
Aged and disability services	1,307	1,390
Port management	780	780
Maternal and child health	216	-
Recreation and culture	159	105
Family and community services	53	226
School crossing supervisors	45	19
Environment and protection services	20	57
Community safety	19	-
	2,599	2,577
Total recurrent operating grants	12,047	5,908
Non-recurrent - Commonwealth Government		
Recreation and Culture	25	-
Environment and protection services	15	-
Family and community services	-	2
	40	2
Non-recurrent - State Government		
Environment and protection services	457	220
Disaster Recovery	344	-
Recreation and culture	275	1,365
Aged and disability services	97	-
Business and economic services	60	339
Family and community services	-	53
Administration	-	75
	1,233	2,052
Total non-recurrent operating grants	1,273	2,052
Total operating grants	13,320	7,960

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 6 Grants - continued

	2015 \$'000	2014 \$'000
(b) Grants - capital		
Recurrent - Commonwealth Government		
Roads to recovery	1,246	1,303
	1,246	1,303
Recurrent - State Government		
Local bridges program	1,000	1,000
Total recurrent capital grants	2,246	2,303
Non-recurrent - Commonwealth Government		
Buildings	3,200	-
	3,200	-
Non-recurrent - State Government		
Buildings	1,564	-
Recreation and culture	665	2,576
Local roads and bridges	472	421
Traffic control	58	60
Waste management	14	-
Buildings other	11	-
Community safety	6	-
Business and economic services	-	85
Environment and protection services	-	260
	2,790	3,402
Total non-recurrent capital grants	5,990	3,402
Total capital grants	8,236	5,705

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 6 Grants - continued

	2015 \$'000	2014 \$'000
Conditions on grants		
(c) Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Local roads and bridges	660	884
Business and economic services	294	499
Aged and disabled services	71	17
Recreation and culture	60	570
Environment and protection services	58	-
Waste management	14	-
Family and community services	-	5
	1,157	1,975
(d) Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Port management	635	1,570
Recreation and culture	570	762
Local roads and bridges	423	138
Aged and disabled services	17	37
Family and community services	5	-
Environment protection and services	-	391
Traffic and street management	-	70
	1,650	2,968
Net increase/(decrease) in restricted assets resulting from grant revenues for the year:	(493)	(993)

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 7 Contributions

	2015 \$'000	2014 \$'000
(a) Monetary		
Parks, open space and streetscapes	416	-
Recreational, leisure and community facilities	112	101
Other	82	1
Waste management	14	91
Community day care	-	58
	624	251
(b) Non-monetary		
Footpaths and trails	194	-
Roads	185	-
Drainage	140	-
	519	-
Total contributions	1,143	251
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Infrastructure	519	-
	519	-



NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	2015 \$'000	2014 \$'000
Land and Buildings		
Proceeds of sale	-	-
Fair value of assets disposed	(140)	-
Accumulated depreciation of assets disposed	-	-
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(140)	-
Plant and Equipment		
Proceeds of sale	525	407
Fair value of assets disposed	(751)	(1,103)
Accumulated depreciation of assets disposed	617	793
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	391	97
Infrastructure		
Proceeds of sale	-	-
Fair value of assets disposed	(371)	-
Accumulated depreciation of assets disposed	116	-
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(255)	-
Summary		
Proceeds of sale	525	407
Fair value of assets disposed	(1,262)	(1,103)
Accumulated depreciation of assets disposed	733	793
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(4)	97

Note 9 Other income

	2015 \$'000	2014 \$'000
Interest	352	427
Reimbursements	248	194
Other	216	26
Interest on rates	152	144
Private works	37	43
Licencing fees	-	21
Total other income	1,005	855

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 10(a) Employee costs

	2015 \$'000	2014 \$'000
Wages and salaries	12,503	12,234
Annual leave and long service leave	1,853	1,718
Superannuation	1,410	1,318
Casual staff	360	439
Sick leave	471	381
Other	251	255
Fringe benefits tax	228	195
WorkCover	230	183
Total employee costs	17,306	16,723

Note 10(b) Superannuation

	2015 \$'000	2014 \$'000
Council made contributions to the following funds:	1,410	1,253
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	202	127
	202	127
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	882	1,126
Employer contributions - other funds	326	-
	1,208	1,126
Employer contributions payable at reporting date.	127	124

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, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 11 Materials and services

	2015 \$'000	2014 \$'000
Contract payments	5,936	5,697
Materials	2,065	1,312
Services	1,280	1,485
Subscriptions and memberships	1,046	1,018
Utilities	901	1,057
Plant and equipment maintenance	841	1,745
Consultants	755	676
Insurance	477	532
Agency staff	295	276
Legal costs	246	286
Advertising	235	259
Training costs	226	223
Hire costs	90	86
Permits	12	9
Total materials and services	14,405	14,661

Note 12 Bad and doubtful debts

	2015 \$'000	2014 \$'000
Art and culture	19	14
Other debtors	5	6
Council facility hire	-	42
Total bad and doubtful debts	24	62

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 13 Depreciation and amortisation

	2015 \$'000	2014 \$'000
Property	1,121	1,038
Buildings		
Buildings	1,041	987
Shelters	80	51
Plant and equipment	1,469	1,939
Plant, machinery and equipment		
Fleet	185	580
Major plant	489	503
Minor plant	23	26
Furniture		
Office furniture	314	327
Artwork	2	2
Playground equipment	58	62
Equipment		
Information technology	132	201
Fixed equipment and fixtures	168	159
Appliances	98	79
Infrastructure	6,813	5,175
Roads		
Seal	2,308	1,736
Pavement	2,368	1,537
Bridges		
Bridges	349	343
Major culverts	53	53
Footpaths and cycleways	393	290
Kerb and channel	394	258
Other structures		
Playing surfaces	139	133
Gardens and landscaping	53	53
Retaining structures	45	44
Drainage		
Pit and pipe network	302	319
Maritime infrastructure	409	409
Intangible assets	86	111
Total depreciation and amortisation	9,489	8,263

Refer to Note 21(a) for a more detailed breakdown of depreciation and amortisation charges.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 14 Borrowing costs

	2015 \$'000	2014 \$'000
Interest - Borrowings	347	336
Total borrowing costs	347	336

Council does not capitalise borrowing costs.

Note 15 Other expenses

	2015 \$'000	2014 \$'000
Community grants and donations	589	691
Councillors' allowances	247	242
Waste management charge	144	101
Fire services levy	55	53
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	35	37
Royalties and commissions	5	20
Animal registration levy	20	20
Landfill rehabilitation provision expense	200	-
Other	27	17
Total other expenses	1,322	1,181

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 16 Investment in associates, joint ventures

	2015 \$'000	2014 \$'000
(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 23.9% equity interest in 2014/2015 (2013/2014 23.9%).		
Fair value of Council's investment in Corangamite Regional Library Corporation	274	274
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	(107)	(153)
Reported surplus/(deficit) for year	52	46
Transfers (to) from reserves	(185)	-
Council's share of accumulated surplus/(deficit) at end of year	(240)	(107)
Council's share of reserves		
Council's share of reserves at start of year	504	504
Transfers (to) from reserves	10	0
Council's share of reserves at end of year (based on population)	514	504
Movement in carrying value of specific investment		
Carrying value of investment at start of year	397	351
Share of surplus/(deficit) for year	52	46
Share of asset revaluation	(175)	-
Carrying value of investment at end of year	274	397
Council's share of expenditure commitments		
Operating commitments	-	15
Council's share of expenditure commitments	-	15
Council's share of contingent liabilities and contingent assets		
There are no known contingencies outstanding as at 30 June 2015	-	-

Significant restrictions

The associate is not required to repay dividends, loans or advances to Council.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 16 Investment in associates, joint ventures - continued

	2015 \$'000	2014 \$'000
(b) Investments 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.		
The venture's purpose is to construct and operate a joint use library facility.		
Council's commitment to the venture is limited to providing a contribution to the construction and fitout costs. Council's share is 50% of costs (3.072 million).		
Council accounts for its interests in the joint venture by applying the proportionate consolidation method and by combining Council's share of each of the assets, liabilities, incomes and expenses of the jointly controlled entity with similar items line by line in council's financial statements.		
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	2,872	3,158
Write back of annual depreciation	(58)	(286)
Carrying value of investment at end of year	2,814	2,872
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 2015		
Significant restrictions		
The joint venture is not required to repay dividends, loans or advances to Council.		

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 16 Investment in associates, joint ventures - continued

	2015 \$'000	2014 \$'000
(c) Controlled Operation - Port of Apollo Bay		
Port of Apollo Bay - as the Council is the appointed manager on behalf of the State Government		
Background		
The council is the Port Manager for the Port of Apollo Bay. The financial report has been prepared in accordance with the requirements of the management agreement signed with the Department of Transport Planning and Local Infrastructure on 30 June 2011.		
Summarised financial information		
Summarised statement of comprehensive income		
Total income	906	919
Total expenses	1,325	1,230
Surplus/(deficit) for the year	(419)	(311)
Other comprehensive income - Net asset revaluation increment/(decrement)	-	3,488
Total comprehensive result	-	3,177
Summarised balance sheet		
Current assets	1,229	1,596
Non-current assets	25,799	25,848
Total assets	27,028	27,444
Current liabilities	95	92
Non-current liabilities	-	-
Total liabilities	95	92
Net Assets	26,933	27,352
Summarised statement of cash flows		
Net cash provided by/(used in) operating activities	636	502
Net cash provided by/(used in) investing activities	(636)	(2,427)
Net cash provided by/(used in) financing activities	-	1,925
Net increase/(decrease) in cash and cash equivalents	-	-

Significant restrictions

Colac Otway Shire Council controls the operations of the Port of Apollo Bay. Operational losses, profits, capital renewal and upgrades are the responsibility of Department of Transport Planning and Local Infrastructure (DPTLI). Funding of these activities are subject to the approval of DPTLI.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 17 Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash on hand	5	6
Cash at bank	9,547	1,161
Term deposits	6,144	11,648
	15,696	12,815
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 24)	292	248
- Statutory reserves (Note 27(b) - Recreational Lands and Car Parking)	669	675
- Conditional grants unspent (Note 6)	1,482	1,975
- Grants commission received in advance	2,996	-
Total restricted funds	5,439	2,898
Total unrestricted cash and cash equivalents	10,257	9,917
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Other Reserve funds allocated for specific future purposes (Note 27(b) Other reserves)	6,853	11,410
- Carried forward capital works budgeted	2,999	-
Total funds subject to intended allocations	9,852	11,410

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 18 Trade and other receivables

	2015 \$'000	2014 \$'000
(a) Current		
Rates debtors	1,337	1,478
Net GST receivable	736	271
Government operating grants	607	415
Other debtors	417	262
Special rate assessment	60	71
Other infringements	13	120
Parking infringement debtors	6	20
Provision for doubtful debts - other debtors	(56)	(61)
Total current trade and other receivables	3,120	2,576
(b) Non-current		
Special rate scheme	-	12
Total non-current trade and other receivables	-	12
Total trade and other receivables	3,120	2,588
(c) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	-	141
Past due by up to 30 days	238	70
Past due between 31 and 180 days	179	51
Total trade and other receivables	417	262

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 18 Trade and other receivables - continued

	2015 \$'000	2014 \$'000
(d) Movement in provisions for doubtful debts		
Balance at the beginning of the year	61	1
New provisions recognised during the year	56	61
Amounts already provided for and written off as uncollectible	(61)	(1)
Balance at end of year	56	61
(e) Ageing of individually impaired receivables		
At balance date, other debtors representing financial assets with a nominal value of \$55,931.52 (2014: \$61,121.29) were impaired. The amount of the provision raised against these debtors was \$55,931.52 (2014: \$61,121.29). The individual debts have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	56	61
Total trade and other receivables	56	61

Note 19 Inventories

	2015 \$'000	2014 \$'000
Inventories held for sale	130	150
Inventories held for distribution	17	32
Total inventories	147	182

Note 20 Other assets

	2015 \$'000	2014 \$'000
Prepayments	1	-
Accrued income	18	102
Total other assets	19	102

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 21(a) Property, infrastructure, plant and equipment

Note	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
Land and Buildings									
At fair value 1 July 2014	7,254	16,518	224	23,996	29,844	22,054	51,898	3,605	79,499
Accumulated depreciation at 1 July 2014	-	-	-	-	(13,430)	(9,877)	(23,307)	-	(23,307)
	7,254	16,518	224	23,996	16,414	12,177	28,591	3,605	56,192
Movements in fair value									
Acquisition of assets at fair value	-	-	-	-	682	515	1,197	7,354	8,551
Revaluation increments/decrements	-	-	-	-	-	-	-	-	-
Fair value written off on renewal	-	-	-	-	-	-	-	-	-
Fair value of assets disposed	(140)	-	-	(140)	-	-	-	-	(140)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	4,234	-	4,234	596	450	1,046	(1,046)	4,234
	(140)	4,234	-	4,094	1,278	965	2,243	6,308	12,645
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(644)	(477)	(1,121)	-	(1,121)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation written off on renewal	-	-	-	-	-	-	-	-	-
Accumulated depreciation revaluation increments/decrements	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(644)	(477)	(1,121)	-	(1,121)
At fair value 30 June 2015	7,114	20,752	224	28,090	31,122	23,019	54,141	9,913	92,144
Accumulated depreciation at 30 June 2015	-	-	-	-	(14,074)	(10,354)	(24,428)	-	(24,428)
	7,114	20,752	224	28,090	17,048	12,665	29,713	9,913	67,716

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 21(a) Property, infrastructure, plant and equipment - continued

Note	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work In Progress	Total plant and equipment
Plant and Equipment					
At fair value 1 July 2014	11,075	8,898	952	2,590	23,515
Accumulated depreciation at 1 July 2014	(5,196)	(5,240)	(613)	-	(11,049)
	5,879	3,658	339	2,590	12,466
Movements in fair value					
Acquisition of assets at fair value	1,037	495	55	657	2,244
Revaluation increments/decrements	-	-	-	-	-
Fair value written off on renewal	-	-	-	-	-
Fair value of assets disposed	(751)	-	-	-	(751)
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	174	-	(174)	-
	286	669	55	483	1,493
Movements in accumulated depreciation					
Depreciation and amortisation	(697)	(639)	(132)	-	(1,468)
Accumulated depreciation of disposals	617	-	-	-	617
Accumulated depreciation written off on renewal	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(80)	(639)	(132)	-	(851)
At fair value 30 June 2015	11,361	9,567	1,007	3,073	25,008
Accumulated depreciation at 30 June 2015	(5,276)	(5,879)	(745)	-	(11,900)
	6,085	3,688	262	3,073	13,108

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 21(a) Property, infrastructure, plant and equipment - continued

	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Marine Infrastructure	Other Infrastructure	Work In Progress	Total Infrastructure
Infrastructure									
At fair value 1 July 2014		198,393	19,467	18,479	24,480	35,030	4,401	818	301,067
Accumulated depreciation at 1 July 2014		(53,983)	(6,016)	(8,359)	(9,186)	(11,834)	(1,265)	-	(90,643)
		144,410	13,451	10,120	15,294	23,196	3,136	818	210,424
Movements in fair value									
Acquisition of assets at fair value		5,534	311	870	149	-	235	992	8,091
Gifted assets		185	-	194	140	-	-	-	519
Revaluation increments/decrements		-	384	-	-	-	-	-	384
Fair value written off on renewal		-	-	-	-	-	-	-	-
Fair value of assets disposed		(139)	-	(232)	-	-	-	-	(371)
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-
Transfers		3,470	344	211	-	(7,460)	-	(799)	(4,234)
		9,050	1,039	1,043	289	(7,460)	235	193	4,389
Movements in accumulated depreciation									
Depreciation and amortisation		(5,072)	(401)	(394)	(302)	(409)	(236)	-	(6,814)
Accumulated depreciation of disposals		116	-	-	-	-	-	-	116
Accumulated depreciation written off on revaluation		-	(122)	130	-	-	-	-	8
Impairment losses recognised in operating result		-	-	-	-	-	-	-	-
Transfers		(2,369)	-	(34)	-	2,403	-	-	-
		(7,325)	(523)	(298)	(302)	1,994	(236)	-	(6,690)
At fair value 30 June 2015		207,443	20,506	19,522	24,769	27,570	4,636	1,011	305,456
Accumulated depreciation at 30 June 2015		(61,308)	(6,539)	(8,657)	(9,488)	(9,840)	(1,501)	-	(97,333)
		146,135	13,967	10,865	15,281	17,730	3,135	1,011	208,123

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 21(a) Property, infrastructure, plant and equipment - continued

	Land and Buildings	Plant and Equipment	Infrastructure	Total
Summary				
At fair value 1 July 2014	79,499	23,515	301,067	404,081
Accumulated depreciation at 1 July 2014	(23,307)	(11,049)	(90,643)	(124,999)
Opening Balance	56,192	12,466	210,424	279,082
Movements in fair value				
Acquisition of assets at fair value	8,551	2,244	8,091	18,886
Gifted assets	-	-	519	519
Revaluation increments/decrements	-	-	384	384
Fair value written off on renewal	-	-	-	-
Fair value of assets disposed	(140)	(751)	(371)	(1,262)
Impairment losses recognised in operating result	-	-	-	-
Transfers	4,234	-	(4,234)	-
	12,645	1,493	4,389	18,527
Movements in accumulated depreciation				
Depreciation and amortisation	(1,122)	(1,469)	(6,815)	(9,406)
Accumulated depreciation of disposals	-	617	116	733
Accumulated depreciation written off on renewal	-	-	8	8
Impairment losses recognised in operating result	-	-	-	-
Transfers	-	-	-	-
	(1,122)	(852)	(6,691)	(8,665)
At fair value 30 June 2015	92,144	25,008	305,456	422,608
Accumulated depreciation at 30 June 2015	(24,428)	(11,900)	(97,334)	(133,664)
Closing Balance	67,716	13,108	208,122	288,944

*Council's policy is to categorise its assets in classes based on the nature of the physical asset. The asset values of Local Government Model Financial Report categories of Waste management, Parks open spaces and streetscapes, Aerodromes, Offstreet Carparks after excluding land, buildings, plant and equipment, pavement, bridges, footpaths and cycleways, and drainage is immaterial for the purposes of the financial statements and are included in other infrastructure.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 21(b) Property, infrastructure, plant and equipment

Valuation of land and buildings

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Land	-	20,752	-
Specialised Land	-	-	7,338
Buildings	-	12,665	-
Specialised Buildings	-	-	17,048
Work In Progress	-	-	9,913
Total	-	33,417	34,299

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an internal valuation undertaken by Adam Lehmann (BEng).

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	146,135
Bridges	-	-	13,967
Footpaths and cycleways	-	-	10,865
Drainage	-	-	15,281
Marine Infrastructure	-	-	17,730
Other Infrastructure	-	-	3,135
Works In Progress	-	-	1,011
	-	-	208,124

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 21(b) Property, infrastructure, plant and equipment - continued

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$270 per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost 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.

	2015 \$'000	2014 \$'000
Reconciliation of specialised land		
Land under roads	224	224
Parks and reserves	7,114	7,254
Total specialised land	7,338	7,478



NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 22 Intangible assets

	2015 \$'000	2014 \$'000
Software	132	218
Total intangible assets	132	218
Gross carrying amount		
Balance at 1 July 2013	621	621
Additions from internal developments	14	14
Balance at 1 July 2014	635	635
Balance at 30 June 2015	635	635
Accumulated amortisation and impairment		
Balance at 1 July 2013	306	306
Amortisation expense	111	111
Balance at 1 July 2014	417	417
Amortisation expense	86	86
Balance at 30 June 2015	503	503
Net book value at 30 June 2014	218	218
Net book value at 30 June 2015	132	132

Note 23 Trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	2,297	1,446
Accrued expenses	653	1,224
Total trade and other payables	2,950	2,670

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 24 Trust funds and deposits

	2015 \$'000	2014 \$'000
(a) Balances		
Refundable deposits	106	106
Fire services levy	69	65
Retention amounts	63	33
Other refundable deposits	54	44
Total trust funds and deposits	292	248

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.

	2015 \$'000	2014 \$'000
(b) Movements		
Opening Balance	248	256
Trust funds and deposits taken	83	52
Trust funds and deposits repaid	(39)	(60)
Closing Balance	292	248

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 25 Provisions

	Annual leave \$'000	Long service leave \$'000	Time in lieu leave \$'000	Landfill restoration \$'000	Total \$'000
2015					
Balance at beginning of the financial year	1,231	3,038	62	3,920	8,251
Additional provisions	1,304	505	-	199	2,008
Amounts used	(1,223)	(303)	(4)	-	(1,530)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(1)	(20)	-	-	(21)
Balance at the end of the financial year	1,311	3,220	58	4,119	8,709
2014					
Balance at beginning of the financial year	1,368	2,718	103	3,945	8,134
Additional provisions	1,084	640	-	(25)	1,699
Amounts used	(1,219)	(292)	(41)	-	(1,552)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(1)	(29)	-	-	(30)
Balance at the end of the financial year	1,231	3,038	62	3,920	8,251

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 25 Provisions - continued

	2015 \$'000	2014 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,135	1,132
Long service leave	141	157
Time in lieu leave	58	62
	1,334	1,351
Current provisions expected to be wholly settled after 12 months		
Annual leave	176	99
Long service leave	2,827	2,595
	3,003	2,694
Total current provisions	4,337	4,045
Non-current		
Long service leave	251	286
Annual leave	-	-
Total non-current provisions	251	286
Aggregate carrying amount of employee provisions:		
Current	4,337	4,045
Non-current	251	286
Total aggregate carrying amount of employee provisions	4,588	4,331
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.6%	3.6%
Weighted average discount rates	1.95%	3.13%
Weighted average settlement period	12 mths	12 mths

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 25 Provisions - continued

	2015 \$'000	2014 \$'000
(b) Land fill restoration		
Current	212	624
Non-current	3,909	3,295
	4,121	3,919
The following assumptions were adopted in measuring the present value of landfill rehabilitation:		
Weighted average increase in costs	2.75%	2.75%
Weighted average discount rates	2.68%	2.00%
Weighted average settlement period	8.98 yrs	5 yrs
Total Provisions		
Current	4,549	4,669
Non Current	4,160	3,581
	8,709	8,250



NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 26 Interest-bearing loans and borrowings

	2015 \$'000	2014 \$'000
(a) Current		
Bank overdraft	-	-
Finance leases	-	-
Borrowings - secured	591	552
	591	552
(b) Non-current		
Borrowings - secured	4,774	4,365
Finance leases	-	-
Total	5,365	4,917
(c) The maturity profile for Council's borrowings is:		
Not later than one year	591	552
Later than one year and not later than five years	3,735	2,644
Later than five years	1,039	1,721
	5,365	4,917
(e) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	591	552
Non-current	4,774	4,365
	5,365	4,917
(f) Interest bearing loans and borrowing movements		
Opening Interest-bearing loans and borrowings	4,917	4,974
New loans taken up during year	1,000	416
Repayment of loan principal	(552)	(473)
Closing Interest-bearing loans and borrowings	5,365	4,917

Secured borrowings are secured against the future rate revenue of Council. All borrowings are made on a commercial basis with Australian financial institutions.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 27 Reserves

	Balance at beginning of reporting period \$'000	Asset revaluation increment \$'000	Asset revaluation (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves				
2015				
Property				
Land	18,724	-	-	18,724
Buildings	7,729	-	-	7,729
Shelter	1,078	-	-	1,078
Land improvements	552	-	-	552
Share of CRLC asset revaluation reserve	450	-	-	450
	28,533	-	-	28,533
Plant and Equipment				
Fixed plant, furniture and equipment	293	-	-	293
	293	-	-	293
Infrastructure				
Roads	88,692	-	-	88,692
Bridges	9,008	262	-	9,270
Footpaths and cycleways	3,449	-	-	3,449
Kerb and channelling	8,504	-	-	8,504
Drainage	6,500	-	-	6,500
Marine infrastructure	5,443	-	-	5,443
	121,596	262	-	121,858
Total asset revaluation reserves	150,422	262	-	150,684

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 27 Reserves - continued

	Balance at beginning of reporting period \$'000	Asset revaluation increment \$'000	Asset revaluation (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves (cont'd)				
2014				
Property				
Land	27,439	-	(8,715)	18,724
Buildings	7,025	704	-	7,729
Shelter	-	1,078	-	1,078
Land improvements	552	-	-	552
Share of CRLC asset revaluation reserve	450	-	-	450
	35,466	1,782	(8,715)	28,533
Plant and Equipment				
Fixed plant, furniture and equipment	293	-	-	293
	293	-	-	293
Infrastructure				
Roads	89,112	-	(420)	88,692
Bridges	9,008	-	-	9,008
Footpaths and cycleways	1,927	1,522	-	3,449
Kerb and channelling	7,686	818	-	8,504
Drainage	6,500	-	-	6,500
Marine infrastructure	5,443	-	-	5,443
	119,676	2,340	(420)	121,596
Total asset revaluation reserves	155,435	4,122	(9,135)	150,422

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 27 Reserves - continued

	Balance at beginning of reporting period \$'000	Transfers to other reserves \$'000	Transfers from other reserves \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2015				
Carried Forward Projects	6,010	1,375	(6,010)	1,375
Port of Apollo Bay	1,609	-	(1,070)	539
Kerbside bin replacement	1,313	231	(378)	1,166
Long Service Leave reserve	1,293	875	(303)	1,865
Landfill rehabilitation (Alvie)	638	57	-	695
Recreational lands	597	102	(30)	669
Colac livestock selling centre	264	752	(657)	359
Rehabilitation reserve	160	-	-	160
Plant replacement	103	3,323	(2,740)	686
Car parking	78	-	(78)	-
Scholarship Reserve	-	1	-	1
Tirrengower Drainage Scheme	21	22	(36)	7
Total Other reserves	12,086	6,738	(11,302)	7,522
2014				
Carried Forward Projects	6,447	6,010	(6,447)	6,010
Port of Apollo Bay	3,520	-	(1,912)	1,609
Kerbside bin replacement	939	374	-	1,313
Long Service Leave reserve	972	611	(292)	1,293
Landfill rehabilitation (Alvie)	581	57	-	638
Recreational lands	545	87	(35)	597
Colac livestock selling centre	245	599	(580)	264
Rehabilitation reserve	160	-	-	160
Plant replacement	127	3,363	(3,387)	104
Car parking	128	-	(50)	78
Tirrengower Drainage Scheme	18	22	(19)	21
Total Other reserves	13,682	11,123	(12,722)	12,086

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 27 Reserves - continued

	2015 \$'000	2014 \$'000
(c) Total Reserves		
Asset Revaluation Reserve	150,684	150,421
Other Reserves	7,522	12,086
	158,206	162,507

Purpose 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 fully funded and maintained.

Landfill rehabilitation (Alvie) reserve

This reserve relates to the funds required to restore the Alvie Tip. The rehabilitation 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.

Car parking reserve

Statutory reserve to be used for the development of car parking.

Scholarship Reserve

This reserve holds any unspent funds received by Council on behalf of the annual Barnard Trust distribution.

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.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)

	2015 \$'000	2014 \$'000
Surplus/(deficit) for the year	11,455	2,741
Depreciation/amortisation	9,489	8,263
Net GST receipts and payments from financing and investment activities	1,656	952
Finance costs	347	336
Share of result of associate	123	(46)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	4	(97)
Contributions - non monetary assets	(520)	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(527)	2,050
Decrease in prepayments	87	-
Increase/(decrease) in accrued income	(1)	(102)
Increase/(decrease) in trade and other payables	(516)	970
(Decrease)/increase in other liabilities	44	109
(Increase)/decrease in inventories	35	(25)
(Increase)/decrease in provisions	459	-
Net cash provided by/(used in) operating activities	22,135	15,151

Note 29 Financing arrangements

	2015 \$'000	2014 \$'000
Bank overdraft	1,000	1,000
Credit cards	50	50
Unused facilities	1,050	1,050
Borrowings	5,366	4,917
Used Facilities	5,366	4,917

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 30 Commitments

The Council has entered into the following commitments:

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2015					
Operating					
Salaries	942	878	878	-	2,698
Consultancies	424	46	15	-	485
Garbage collection	2,191	2,183	4,366	378	9,118
Street Lighting	130	11	-	-	141
Information Technology	99	99	198	-	396
Inspection and maintenance	55	20	-	-	75
Cleaning contracts for council buildings	372	-	-	-	372
Total	4,213	3,237	5,457	378	13,285
Capital					
Buildings	1,501	-	-	-	1,501
Plant and Equipment	181	-	-	-	181
Civil Works	62	-	-	-	62
Total	1,744	-	-	-	1,744
2014					
Operating					
Garbage collection	2,185	2,138	2,129	6,689	13,141
Consultancies	354	10	-	-	364
Information Technology	96	99	310	-	505
Street Lighting	126	130	11	-	267
Cleaning contracts for council buildings	305	314	-	-	619
Total	3,066	2,691	2,450	6,689	14,896
Capital					
Buildings	9,077	-	-	-	9,077
Plant and Equipment	831	-	-	-	831
Civil Works	51	-	-	-	51
Total	9,959	-	-	-	9,959

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 31 Operating leases

	2015 \$'000	2014 \$'000
Operating lease commitments		
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	78	68
Later than one year and not later than five years	234	71
Later than five years	-	230
	312	369

Note 32 Contingent liabilities and contingent assets

(a) 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 to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Funding arrangements

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 7.5% pa

Salary information 4.25% pa

Price inflation (CPI) 2.75% pa.

Vision Super has advised that the estimated VBI at 30 June 2015 was 105.8%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 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 most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, 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 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (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.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 32 Contingent liabilities and contingent assets - continued

(a) Contingent liabilities (cont'd)

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Council was notified of the results of the actuarial investigation during January 2015.

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of Scheme	Rate	2015 \$000	2014 \$000
Vision Super	Defined Benefits	9.50%	202	127
Vision Super	Accumulation	9.50%	882	1,126
Others	Accumulation	9.50%	326	-

Council Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

(b) Guarantees for loans to other entities

Council has not guaranteed any loans to other entities.

(c) Contingent assets

Council has not provided for any contingent assets.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 33 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long-term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate. Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment;
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet.

To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 32.

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.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 33 Financial Instruments - continued

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 32, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade.

Details of the maturity profile for borrowings are disclosed at Note 26.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1.0% and -1.0% in market interest rates (AUD) from year-end rates of 2.15%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.



NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 34 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Councillor Frank Buchanan (Mayor) (19 November 2014 to 30 June 2015)
	Councillor Lyn Russell (Mayor) (1 July 2014 to 18 November 2014)
	Councillor Brian Crook
	Councillor Michael Delahunty
	Councillor Stephen Hart
	Councillor Chris Smith
	Councillor Terry Woodcroft
Chief Executive Officer	Mr Rob Small (1 July 2014 to 8 July 2014)
	Mr Phil Corluka (Acting) (9 July 2014 to 24 August 2014)
	Ms Sue Wilkinson (25 August 2014 to 30 June 2015)

(ii) Remuneration of Responsible Persons

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

	2015 No.	2014 No.
\$1 - \$9,999	1	1
\$10,000 - \$19,999	-	-
\$20,000 - \$29,999	4	3
\$30,000 - \$39,999	2	3
\$40,000 - \$49,999	-	-
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	-
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	-	1
	10	9
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	486	462

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Note 34 Related party transactions - continued

(iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$136,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

Income Range:	2015 No.	2014 No.
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$130,000 - \$139,999	6	-
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	1
	10	6
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above amounted to:	1,407	968

(iv) Loans to responsible persons

No loans have been made, guaranteed, or secured, by Council to a Responsible person during the reporting year (2014-2015 \$nil).

(v) Transactions with responsible persons

Payments were made to the spouse of a Councillor during the reporting year for wages earned as a Family Day Care worker, which amounted to \$24,235 (2013-2014 \$2,645). These payments were made under arms-length business terms.

Note 35 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

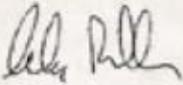
Note 36 Adjustments directly to equity

On inspecting its asset register Council found that there were a number of errors in the valuation of land and buildings which were included in the 2013-2014 valuation. Whilst in total these valuation errors were not significant, a decision was made to correct these balances. The identified properties were reinspected by Mr Les Speed, Registered Valuer of Preston, Rowe Patterson valuers.

	2015 \$'000	2014 \$'000
Buildings Replacement Value	-	(7,699)
Buildings Accumulated Depreciation	-	8,840
Land Replacement Value	-	1,193
	-	2,334

CERTIFICATION OF THE FINANCIAL STATEMENTS

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



Ashley Roberts B.Com CPA
Principal Accounting Officer

23 September 2015
Colac

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2015 and the financial position of Council as at that date.

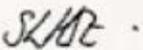
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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



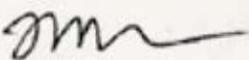
Cr Michael Delahunty
Councillor

23 September 2015



Cr Stephen Hart
Councillor

23 September 2015



Ms Sue Wilkinson
Chief Executive Officer

23 September 2015



INDEPENDENT AUDITOR'S REPORT

To the Councillors, Colac-Otway Shire Council

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Colac-Otway Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited.

The Councillors' Responsibility for the Financial Report

The Councillors of Colac-Otway Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

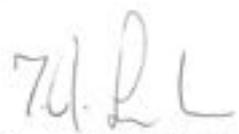
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of Colac-Otway Shire Council as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
23 September 2015


P~ Dr Peter Frost
Acting Auditor-General

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

Description of the municipality

Colac Otway Shire Council is situated about 160 kilometers south-west of the Melbourne CBD. It is approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west. The Shire covers an area of 3,433 square kilometres and has some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

We have an Estimated Residential Population of 20,501, as at June 30, 2014. Approximately 87% of the Shire's residents were born in Australia and of those born overseas; only 3% come from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 0.53% per annum; however we expect this to increase once the dual highway to Geelong is completed as it will open up the region making commuting an attractive option for both the local population and for those seeking a lifestyle change. Growth over the coming 21 years is also predicted to be steady; however with an increasingly ageing population.

The five major industry sectors are:

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

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

Colac Otway Shire provides more than 90 high quality services and facilities across a range of areas including Community Services, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building, Economic Development and Tourism, Parks and Gardens and more.

SUSTAINABLE CAPACITY INDICATORS

FOR THE YEAR ENDED 30 JUNE 2015

Indicator / measure	Results 2015	Material Variations*
Population		
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,092.24	This result reflects Council's relatively low population density as a result of being a rural municipality.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$12,728.74	This result reflects Council's commitment to investing in high quality community infrastructure and high volume of base infrastructure representing a large area with relatively low population density.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	12.56	This result highlights the transport requirements of a rural municipality with a low population density.
Own-source revenue		
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,543.78	When compared to the Council's average rate per assessment, this highlights Council's dependence upon rate revenue to fund its operations. This in turn highlights the risks to Council from potential rate capping.
Recurrent grants		
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$697.19	This result is higher than expected as Council received 50% of its 2015/16 Victorian Grants Commission allocation in advance in 2014/15. Normally, this result would reflect Council's dependency on its own rate base rather than on grants funding from other levels of government.
Disadvantage		
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	3	Colac Otway Shire is rated as being a being a municipality with high socio economic disadvantage.

* As there is no base year, Council has made a number of comments under 'Material Variations' to assist readers' interpretation of the results.

Definitions:

- "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.

SERVICE PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2015

Service / indicator / measure	Results 2015	Material Variations*
Aquatic facilities		
Utilisation		
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.09	Indoor facilities were not open in 2014/15 due to redevelopment works.
Animal management		
Health and safety		
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	27	This result represents the effectiveness of Council's Animal Management Service, and is within Council's anticipated level of service.
Food safety		
Health and safety		
<i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	80.77%	This is a positive result for Council, highlighting the effectiveness of our food safety service.
Governance		
Satisfaction		
<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]	48	This result is per the Local Government Community Satisfaction Survey 2015.
Home and community care		
Participation		
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	24.16%	The result is in line with Council's anticipated outcomes.
Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	21.50%	The result is in line with Council's anticipated outcomes.

SERVICE PERFORMANCE INDICATORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Service / indicator / measure	Results 2015	Material Variations*
Libraries		
<p>Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x100</p>	17.61%	Active Members includes only members who have borrowed a physical collection item. It excludes members who have not borrowed a physical collection item but have used their membership to borrow electronic collection and/or access digital information via the library's public internet.
Maternal and child health		
<p>Participation</p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	74.83%	The result is in line with Council's anticipated outcomes.
<p>Participation</p> <p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[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</p>	59.26%	The result is in line with Council's anticipated outcomes.
Roads		
<p>Satisfaction</p> <p><i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	44	Unique road deterioration characteristics across the municipality, which coupled with difficult terrain, resulted in constant maintenance requirements. Council has progressively increased its spending on road maintenance to address this issue. There are also a large number of roads that are the responsibility of VicRoads which are often confused with Council roads.
Statutory Planning		
<p>Decision making</p> <p><i>Council planning decisions upheld at VCAT</i></p> <p>[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</p>	100%	This highlights Council's knowledge and effectiveness in applying the relevant Planning Schemes.

SERVICE PERFORMANCE INDICATORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Service / indicator / measure	Results 2015	Material Variations*
Waste Collection		
Waste diversion		
<p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	55.52%	Diversion from landfill % is consistent with Council's continual efforts to reduce waste to landfill.
Economic Development		
Economic activity		
<p><i>Change in number of business</i></p> <p>[Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100</p>	0.43%	This reflects the high number of stable individual ABN holders within the municipality, such as individual agricultural businesses.

* As there is no base year, Council has made a number of comments under 'Material Variations' to assist readers' interpretation of the results.

Definitions:

- "Aboriginal child" means a child who is an Aboriginal person;
- "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006;
- "active library member" means a member of a library who has borrowed a book from the library;
- "annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Local Government Act 1989;
- "class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act;
- "class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act;
- "Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth;
- "critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health;
- "food premises" has the same meaning as in the Food Act 1984;
- "HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth;
- "HACC service" means home help, personal care or community respite provided under the HACC program;
- "local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004;
- "major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken;
- "MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age;
- "population" means the resident population estimated by council;
- "target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth.

FINANCIAL PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 JUNE 2015

Dimension / indicator / measure	Results	Forecasts				Material Variations*
	2015	2016	2017	2018	2019	
Efficiency						
Revenue level						
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,461.91	\$1,567.12	\$1,589.77	\$1,598.16	\$1,608.48	This result confirms Council's low average rates per assessment. Future rate increases will slow as a result of rate capping expected to be introduced in 2016/17.
Expenditure level						
Expenses per property assessment [Total expenses / Number of property assessments]	\$2,859.93	\$2,967.97	\$3,006.66	\$3,099.20	\$3,195.93	The modest increases here demonstrate Council's ability to provide high quality services at a relatively low cost. This trend is forecast to continue.
Workforce turnover						
Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.50%	9.95%	9.95%	9.95%	9.95%	Based on previous trends, Council anticipates a turnover just under 10% of its workforce per annum.
Liquidity						
Working capital						
Current assets compared to current liabilities [Current assets / Current liabilities] x100	226.47%	144.39%	152.44%	139.56%	101.96%	This demonstrates Council currently has a strong cash position as a result of careful cash management. This is required for funding for future major community infrastructure projects. However, the trend shows a significant decline in future years as a result of rate capping.
Unrestricted cash						
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	70.19%	60.92%	98.97%	85.29%	53.28%	Again this demonstrates Council's strong cash management regimen. However, the effect of future rate capping restrictions are clear from the projected reduction in this ratio.

FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Dimension / indicator / measure	Results	Forecasts				Material Variations*
	2015	2016	2017	2018	2019	
Obligations						
Asset renewal						
Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	101.51%	123.4%	106.97%	108.25%	109.46%	This result demonstrates Council's commitment to renewing existing community infrastructure. The forecast reflects Council's commitment to renew major community assets over time.
Loans and borrowings						
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	20.15%	17.05%	14.44%	11.76%	9.04%	This result reflects Council's low overall debt levels and prudent debt management principles.
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.37%	3.35%	3.18%	3.09%	3.04%	This result reflects Council's prudent debt management and low overall debt levels.
Indebtedness						
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	28.23%	23.21%	21.01%	18.63%	13.68%	This result reflects Council's low debt levels and the fact that no new borrowings are currently planned in the short-term.
Operating position						
Adjusted underlying result						
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	10.34%	3.12%	0.73%	-1.13%	-3.06%	This result is better than expected, due mainly to higher than anticipated income from early payment of Government Grants. The forecast trend is expected to decline following the introduction of rate capping.

FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Dimension / indicator / measure	Results	Forecasts				Material Variations*
	2015	2016	2017	2018	2019	
Stability						
Rates concentration						
Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	55.66%	61.22%	62.77%	62.96%	63.14%	This result is in line with expectations. Council remains heavily reliant upon rates to fund services and renew infrastructure. This is due to a relatively low population and socio-economic base, which restricts Council's ability to raise revenue from other sources.
Rates effort						
Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.49%	0.52%	0.52%	0.53%	0.53%	This result highlights Council's relatively low rating burden on its community.

* As there is no base year, Council has made a number of comments under 'Material Variations' to assist readers' interpretation of the results.

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 Australian Accounting Standards;
- "current liabilities" has the same meaning as in the Australian Accounting Standards;
- "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 Australian Accounting Standards, 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 2015

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

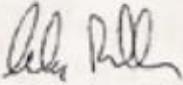
Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. As this is the base year and consequently no material threshold has been set for these performance indicators and measures, this year Local Government is unable to provide an explanation of material variations. Council however has provided comments against each performance indicator and measure to assist readers interpret the results.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 23 June 2015, 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.

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*.



Ashley Roberts B.Com CPA
Principal Accounting Officer

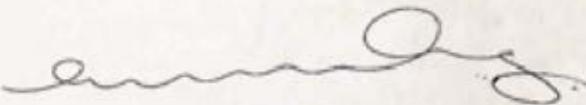
23 September 2015
Colac

In our opinion, the accompanying performance statement of Colac Otway Shire Council for the year ended 30 June 2015 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.

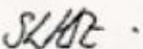
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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.



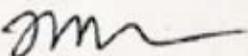
Cr Michael Delahunty
Councillor

23 September 2015
Colac



Cr Stephen Hart
Councillor

23 September 2015
Colac



Ms Sue Wilkinson
Chief Executive Officer

23 September 2015
Colac

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Colac-Otway Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2015 of Colac-Otway Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of Colac-Otway Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

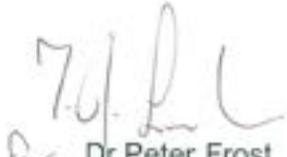
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of Colac-Otway Shire Council in respect of the 30 June 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
23 September 2015



Dr Peter Frost
Acting Auditor-General

ACRONYMS AND DEFINITIONS

ABN	Australian Business Number
CALD	Culturally and Linguistically Diverse communities
CBD	Central Business District
CEO	Chief Executive Officer
CFA	Country Fire Authority
COPACC	Colac Otway Performing Arts and Cultural Centre
Co-PYLIT	Colac Police Youth Liaison Team
COShealth	Colac Otway Shire Health and Wellbeing Program
DHS	Department of Human Services
DWMP	Domestic Wastewater Management Plan
ECM	Electronic Content Management
EEO	Equal Employment Opportunity
FOI	Freedom of Information
FTE	Full Time Equivalent employees
G21	Geelong Regional Alliance
GCC	Global Corporate Challenge®
GROW	Geelong Regional Opportunities for Work
HACC	Home and Community Care
JMAPP	Jardine Municipal Asset Protection Package
LGPRF	Victorian Local Government Performance Reporting Framework
LMI	Liability Mutual Insurance
LTFP	Long Term Financial Plan
MAV	Municipal Association of Victoria
MCH	Maternal and Child Health services
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
NSP	Neighbourhood Safer Places
OH&S	Occupational Health and Safety
OPASS	Council's Older Persons and All Support Service
RDV	Regional Development Victoria
RRRTAG	Red Rock Regional Theatre and Art Gallery
SafetyMAP	Accreditation through the Victorian WorkCover Authority
SRP	Strategic Resource Plan
VAGO	Victorian Auditor General's Office
VCAT	Victorian Civil and Administrative Tribunal
WiFi	Local area wireless technology allowing connection to the internet

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CONTACTING COUNCIL

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Colac Vic 3250
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Fax: (03) 5232 9586
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Monday to Friday

Apollo Bay Service Centre

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Phone: (03) 5237 6504
Fax: (03) 5237 6734
Hours: 8.30am – 1.00pm
Monday to Friday

Postal Address PO Box 283 Colac Vic 3250

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Website Address www.colacotway.vic.gov.au



Colac Otway
SHIRE

