



# Colac Otway

## SHIRE

### **COLAC OTWAY SHIRE BUDGET 2021/22**

**Adopted 24 June 2021**

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## Mayor's Summary

On behalf of Colac Otway Shire Council, I am pleased to present the 2021-22 Budget, which aims to provide a strong, strategic base for our community's future growth and pandemic recovery.

Following considerable consultation and review, Councillors have worked together with the support of management and staff, to create a budget which enables the delivery of important Council services and meets community expectations, with a focus on sustainability and infrastructure.

The 2021-22 Budget includes a proposed 1.5% average rate increase. Council is aware of the ongoing impacts of the pandemic, particularly on tourism, hospitality and exports, and as we focus on our community's recovery, we encourage ratepayers who are struggling to make contact to discuss how we can help.

The 2021-22 Budget will allow Council to deliver \$13.7 million in capital works projects including almost \$7 million for roads and bridges.

The Budget allocates \$500,000 for major changes to Colac Otway Shire's kerbside recycling service including the introduction of a fourth bin for households to separate glass from other recyclable material and associated upgrades at transfer stations.

Funding for development of the Deans Creek Precinct Structure Plan will be a key project to support Colac's residential growth, while improved library services through the transition to Geelong Regional Library Corporation, and improved sports infrastructure are also highlights of the Budget.

Key projects in the 2021-22 Budget include:

- Fourth bin for kerbside collection to accommodate glass - \$450k
- Transition to Geelong Regional Library \$200k
- Deans Creek Precinct Structure Plan \$225k
- Future Project Design and Scoping program \$210k
- Waste Transfer Station Upgrades for Glass Separation \$150k
- Closed Landfill aftercare management plan \$135k
- Cyber security managed service \$115k

## Executive Summary

Council's 2021/22 budget has been developed according to the assumptions contained in the Council Plan, Financial Plan and those presented to Council on a regular basis during the budget development process.

All operating budgets, initiatives and business cases have been reviewed to ensure the services identified within the Council Plan are being delivered, within a balanced budget.

In preparing the Budget, Council considered the long term financial planning principles which include:

- Ensuring long term financial sustainability;
- Delivering services in a cost effective and efficient manner;
- Ensuring operating revenues are sustainable and consider community wide and individual benefits (rates versus user charges);
- Maintaining cash reserves and operating surpluses at appropriate levels;
- Identifying and quantifying long term liabilities;
- Meeting social equity objectives through specific programs;
- Managing the Shire's capital assets to maximise long term community benefit; and
- Recognising that funding from State and Federal Government is a crucial element of financial sustainability.

Meeting these principles has been more challenging over recent years given Council is now operating within an environment where revenue is restricted due to rate capping imposed by the State Government and Federal Assistance Grants were frozen for a three-year period between 2015 and 2018, creating a permanent impact on Council's reserves.

Furthermore, Council has implemented the financial management principles as required under Section 101 of the Local Government Act 2020 (the Act):

- revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans
- financial risks must be monitored and managed prudently having regard to economic circumstances
- financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community
- accounts and records that explain the financial operations and financial position of the Council must be kept

As has been the case for many years, Colac Otway faces substantial challenges associated with the provision and renewal of roads, paths, and community and recreation facilities

In February 2014, The Victorian Auditor-General's Office tabled a report in Parliament highlighting its concerns over this exact challenge that councils face in meeting the growing demand of asset maintenance and renewal. The Auditor-General, Mr John Doyle, states in the report:

*'They also have legislative obligations to manage financial risks prudently and to ensure that their asset management decisions take into account economic circumstances and their financial effects on future generations. This is especially important in the current economic climate and in an environment where reliance on sources of revenue such as government grants cannot be assured'.*

This challenge is further exacerbated with the introduction of rate capping. History shows that the cost of maintaining and constructing such assets greatly exceeds CPI and the rate cap.

The budget provides for an average annual rate increase of 1.5%. The table below provides a summary of the calculation, according to the formula prescribed by the State Government.

Forecast Annualised Rate Revenue at 30 June 2021	\$28,646,750
Forecast Number of Assessments at 30 June 2021	15,637
<b>Forecast Base Average Rate 2020/21 per assessment</b>	<b>\$1,832</b>
Budget Rate Revenue 2021/22	\$29,073,020
<b>Capped Average Rate 2021/22 per assessment</b>	<b>\$1,859</b>
<b>Average Capped Increase</b>	<b>1.5%</b>

It is important to note that this is only an average increase and actual increases will vary depending on the relative value of individual properties. As required by legislation, the rate burden must be distributed based upon the value of a property which will result in higher valued properties increasing by more than 1.5% and lower valued properties increasing by less than 1.5%.

## MAJOR INITIATIVES

As per section 94 of the Act, the following six initiatives have been identified by Council as priorities to be undertaken during the 2021/22 financial year:

### 1. Facilitate the process of making additional residential land available

Colac has a significant lack of development ready land which is constraining the town's residential and economic growth. With the completion of the Princes Highway duplication and high quality social, education and recreation facilities, Colac has an enhanced reputation as an attractive place to live and work.

The Colac 2050 Growth Plan was adopted by the Victorian Government in late 2020 and paves the way for the future growth of the town. Further planning work is now required to unlock the potential for growth in key areas of Colac and ensure land is ready for residential development. Council will work with landowners, developers and key authorities to fast-track the availability of land for residential growth. Council will progress key rezoning applications as well prepare an Outline Development Plan for the Deans Creek Growth Corridor. This work will establish locations for key infrastructure such as public open space, main road and path connections, drainage and the like. Council is funding this work in part over 2021/22 and 2022/23, and is seeking Victorian Government funding to assist.

Council will also facilitate the sale of Council owned residential land at 36-52 Bruce Street Colac with a view to achieving affordable housing outcomes as part of a future development process.

### 2. Implementation of the transition from Corangamite to Geelong Regional Library Corporation

On July 1, 2021 Council will officially transition to the Geelong Regional Library Corporation. The new corporation will offer a range of enhanced services to our community including a large collection of more than 400,000 items and specialist programs for children and adults.

### 3. Implementation of additional glass recycling kerbside collection

In February 2020 the Victorian Government announced significant reforms to household recycling to ensure Victoria is well placed to transition to a circular economy. The first stage of the reform requires councils to separate glass from the yellow co-mingled recycling bin. Councils are to transition into a four bin model. This means a separate glass bin with a purple lid will be rolled out for the collection of glass for all kerbside tenements and a separate glass disposal at the transfer stations and drop off facilities.

### 4. Development of Asset Management Plan's

As a requirement of the Local Government Act 2020, Council is preparing a suite of Asset Plans for adoption prior to July 2022. These plans will include an Asset Management Strategy and Asset Management Plans for our six major asset classes: bridges, roads, footpaths, stormwater/drainage, open space and buildings. Preparation of the plans involves collection of up to date condition data, a preliminary review of service levels and demand, and community consultation. The Asset Management Plans will inform the long-term financial plan.

## 5. Service review of Colac Regional Saleyards

The Saleyards industry has changed substantially in recent years including a move from some farmers to sell directly to abattoir and online sales. Colac Regional Saleyards has seen a decline in throughput in recent years, largely due to an overall decrease in local stock volumes. A full service review is required to ensure that Council is managing the asset and its operations in line with current best practice, with consideration of future strategic priorities.

## 6. Construction of Apollo Bay Early Years Hub

In late 2021, the Apollo Bay Preschool will move into the new Apollo Bay Early Years Hub on the Apollo Bay P-12 College site. This new facility will include a dedicated space for Maternal and Child Health consultations. The new two-room, 66-place kindergarten has been funded by the Victorian Government under its Kindergartens on School Sites program, with Council contributing up to \$500,000 towards the MCH consulting spaces.

Council's budget also contains an allocation to get the building ready to take children, which will include the addition of fixtures and fittings such as window coverings, and the costs associated with getting the building licenced for operation.

## FINANCIAL PERFORMANCE AND SUSTAINABILITY

The key financial outcomes from the attached budget include:

- Net Surplus - \$3.27m
- Adjusted Underlying surplus - \$158k
- Closing Cash Balance - \$13.3m
- Closing Working Capital Surplus of \$5.1m
- Reserves balance of \$13.0m
- \$13.7m Capital Works Program.
- \$8.6m capital renewal, which equates to 94% of depreciation.

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

### Adjusted Underlying Surplus

The regulations prescribe the method for calculating the 'Adjusted Underlying Result'. The purpose for calculating the Adjusted Underlying Result is to remove the effect on the budget of one-off revenue items that may otherwise overstate Council's 'normal' performance. Under the regulations the 2021/22 surplus of \$158k is calculated as follows:

	\$'000
<b>Total Comprehensive Result</b>	<b>3,269</b>
Non-recurrent grants used to fund capital expenditure	(2,991)
Non-monetary asset contributions	-
Other contributions to fund capital expenditure	(120)
<b>Adjusted Underlying Surplus</b>	<b>158</b>

## Revenue

The following key points relate to the budgeted revenue of \$56.4m which is budgeted to decrease from the 2020/21 forecast of \$61.3m.

- Rates and charges total \$32.8m. This increase is the result of a 1.5% average increase in rates, compounded by supplementary valuations.
  - The average increase of 1.5% includes a Municipal Charge of \$195.
  - Compounding effect of supplementary valuations, including the transition of 230 newly identified holiday rental properties from 2019/20; and
  - The annual kerbside collection charge is budgeted to increase, with the weekly waste charge increasing by \$8 from \$300 to \$308 and the fortnightly waste charge by \$40 from \$205 to \$245.
- User Fees and Charges have increased by \$1.3m to \$6.5m. This increase is due to the 2020/21 forecast being impacted by the closure of Bluewater due to COVID-19, which is expected to remain open for 2021/22. It is also expected that increased income will be earned by the increased delivery of funded Home Care packages.
- Operating grants have decreased by \$6.8m to \$10.7m. This is primarily due to the 2020/21 forecast including \$4.6m of City Deal funding and \$1m of funding received for Working For Victoria, which is not included in the 2021/22 Budget. It has been assumed that Federal Assistance Grants do not increase over the next three years.
- Capital grants has decreased by \$0.2m to \$4.7m. The 2021/22 Budget includes \$2.3m Local Sports Infrastructure stimulus funding for lighting upgrades and \$1.7m Roads to Recovery recurrent funding.
- Other income is budgeted to decrease by \$423k to \$367k. The 2020/21 Forecast includes a one-off insurance reimbursement of \$284k.

## Expenditure

The following key points relate to the budgeted expenditure of \$53.1m which has decreased by \$7.6m compared to the 2020/21 forecast.

- Employee costs have increased by \$580k, or 2.7%, to \$21.7m.
  - The 2020/21 Forecast includes expenditure relating to Working for Victoria \$680k. Therefore employee costs, excluding WFV, have increased by \$1.26m in 2021/22.
  - The 2021/22 Budget includes the EBA increase of 2.25% (\$450k).
  - The 2021/22 Budget assumes services will be open for the full year, unlike 2020/21 where various services were closed due to COVID. This will result in employee costs in Bluewater Leisure Centre (\$350k), COPACC (\$80k) and the Visitor Information Centres (\$60k) returning to normal levels.
  - Additional employee costs are required to deliver an increased number of fully-funded Home Care Packages (\$290k)
  - FTE is budgeted to increase by 10, from 228 to 238. This increased FTE is partially due to the impacts of COVID, with an additional 5 FTE required to return to full-service levels. There is also additional fully-funded employees required to deliver increased Home Care Packages.
  - The Workcover Premium is expected to increase by \$100k.
- Materials and services are budgeted to decrease by \$5.7m, or 22%, to \$20.7m.
  - 2020/21 Forecast includes \$4.6m relating to fully-funded City Deals Projects and \$300k for expenses related to the fully-funded Working for Victoria.
  - Agency staff are budgeted to decrease by \$151k.
  - Contractor costs are budgeted to decrease by \$5.9m.
  - Expenditure on consultants is budgeted to decrease by \$179k.
  - Legal expenditure is budgeted to decrease by \$27k to \$146k.
  - Training costs are budgeted to increase by \$45k to \$432k.
- Depreciation expense will decrease by \$1.7m to \$9.1m. This reduction is due to a reduction in depreciation rates as a result of a depreciation review conducted in 2020/21, which concluded that depreciation rates were too high.
- Borrowing costs will decrease by \$14k to \$39k. This reduction is due to the reduced level of debt in 2021/22.

## Balance Sheet

The key points to note are:

- Council's working capital will decrease by \$1.5m, from \$6.6m to \$5.1m.
- Council's net worth will increase by \$3.3m to \$359m.
- Property, infrastructure, plant and equipment comprise 95% of Council's total assets.
- Working capital is in surplus \$5.1m. Current assets will be 1.5 times current liabilities at the end of the financial year, down from 1.6 in 2020/21.
- Employee provisions are budgeted to remain steady at \$13.4m.
- \$142k in borrowings will be repaid.

## Cash Flow

The closing cash balance is budgeted to be \$13.3m at 30 June 2022.

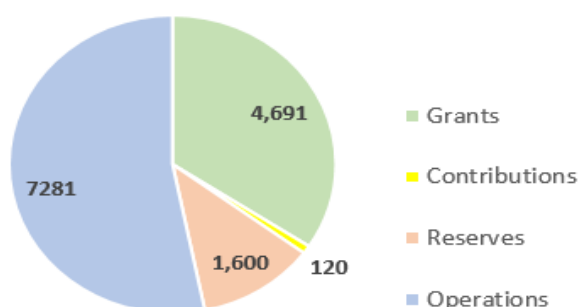
The cash balance at 30 June 2022 is budgeted to include \$3.5m of Federal Assistance Grants received in advance.

## Capital Works

The key points to note are:

- The capital works program for 2021/22 totals \$13.7m, \$0.6m less than the 2020/21 forecast of \$14.3m.
- The program is divided between capital renewal (62%), capital upgrade (37%) and new assets (1%).
- The capital works budget is funded from a mix of external and internal sources. 35% is funded by grants and contributions, 65% by operations.

Chart 1 – Capital Works funding sources



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

- Local Sports Lighting Infrastructure \$2.7m
- Sealed road reconstruction program \$2.6m
- Unsealed road reconstruction program \$1.4m
- Heavy Plant replacement \$1.3m
- Sealed road resealing program \$1.2m
- Bridge Upgrade programme \$900k
- Light Fleet Replacement \$760k
- Bridge rehabilitation programme \$540k
- Building upgrade programme \$522k
- Stormwater Programme \$350k
- Road Slip Rehabilitation Programme \$270k
- Footpath renewal \$127k
- Footpath extension \$105k
- Building renewal programme \$100k



**Sale of Land**

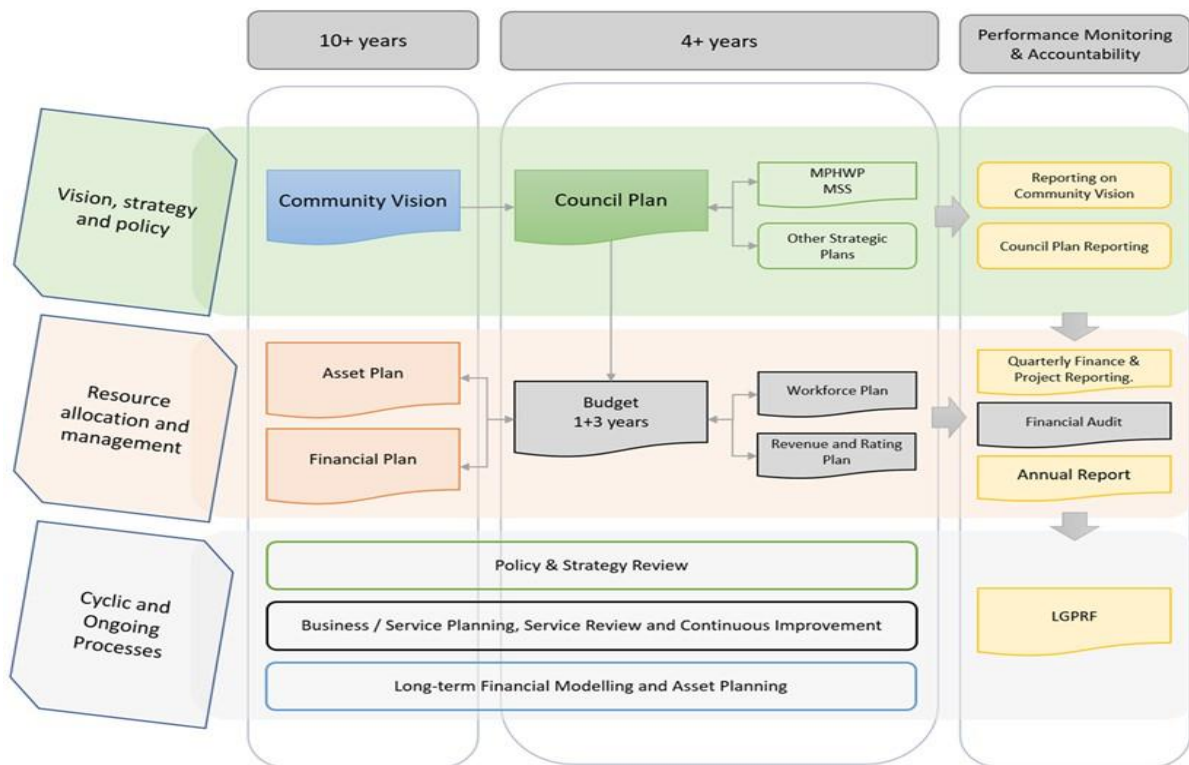
It must be noted that this budget does not include any income from sale of land. Should there be a Council decision to sell any land during the 2021/22 financial year it would be proposed that Council also make a decision on how any surplus would be treated. Given the one-off capital nature of such revenue it would be prudent to utilise it to fund a capital project or hold it in reserve for future projects that may require matching capital funding.

## 1. Link to the Strategic Integrated Planning and Reporting Framework

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

### 1.1 Legislative Planning and accountability framework

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



Source: Department of Jobs, Precincts and Regions

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

### 1.1.2 Key planning considerations

#### Service level planning

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

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

## 1.2 Our purpose

#### Our Vision "Towards a prosperous future"

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

#### Our values

- **Respect** – Be open and consistent in our dealings with people and respect their views.
- **Integrity** – We will work in an open and transparent way, ensuring our processes, decisions and actions are ethical, responsible and honest.
- **Goodwill** – We will have an attitude of kindness and friendliness and build a good relationship with our customers and community.
- **Honesty** – We will be consistent, keep our promises, admit our mistakes and clearly communicate our decisions.
- **Trust** – We will act honestly, openly and fairly to build levels of trust.

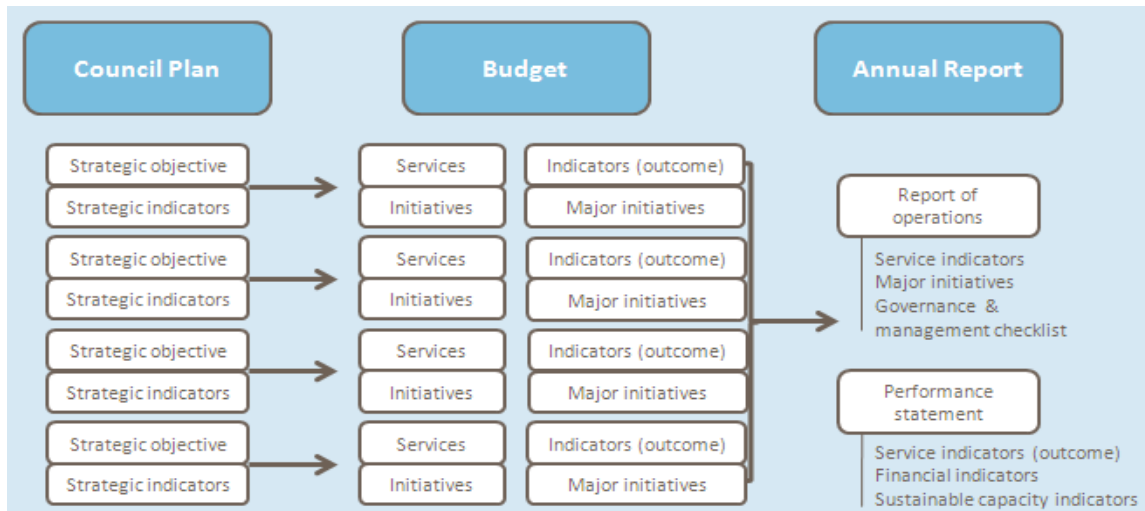
### 1.3 Strategic objectives

*Council delivers activities and initiatives under major service categories. Each contributes to the achievement of one of the four Strategic Objectives as set out in the 2017-2021 Council Plan. The following table lists the four Strategies Objectives as described in the Council Plan.*

Strategic Theme	Description
1. Our Prosperity	We work together to improve the prosperity of our people, businesses and community partners by working to promote our beautiful shire as an attractive place to invest, live and work.
2. Our Places	Our places are well-planned. We work with local and government partners to plan health, safe environments which promote community life and enhance well-being. Our infrastructure assets are managed so that they are sustainable for long term.
3. Our Community	We work to know our community and to understand their needs and aspirations. We plan our assets and services to meet community need and to foster a culture of good service and partnership with others.
4. Our Leadership & Management	We will work together with our community to create a sustainable future. We will deliver value for money for ratepayers in everything we do and we will achieve long term sustainability and transparent community leadership.

## 2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2021/22 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below



Source: Department of Jobs, Precincts and Regions

## 2.1 Strategic Theme 1: Our Prosperity

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

### Services

Service area	Description of services provided		2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Budget \$'000
Building Control	This service provides for planned building developments to meet present and future community requirements.	<i>Exp</i>	1,266	1,250	1,330
		<i>Rev</i>	(106)	(107)	(113)
		<b>NET</b>	<b>1,160</b>	<b>1,143</b>	<b>1,216</b>
Events	This service provides for active community involvement in the provisioning of management and support for community entertainment and events.	<i>Exp</i>	114	152	134
		<i>Rev</i>	(4)	(25)	(4)
		<b>NET</b>	<b>110</b>	<b>127</b>	<b>130</b>
Economic Development	This service facilitates a healthy and resilient economy by providing effective leadership, advocacy, and partnership, by working with government business and the community.	<i>Exp</i>	1,056	2,446	1,615
		<i>Rev</i>	(155)	(831)	(340)
		<b>NET</b>	<b>900</b>	<b>1,616</b>	<b>1,276</b>
Tourism	This service provides economic benefit by promoting the Shire as a location for visitors to enjoy, explore and return to. Visitor information is provided via Council's two Visitor Information Centres and via media.	<i>Exp</i>	843	680	768
		<i>Rev</i>	(238)	(202)	(265)
		<b>NET</b>	<b>605</b>	<b>478</b>	<b>502</b>
Apollo Bay Harbour	This service manages and maintains the Apollo Bay Harbour for the enjoyment of the community.	<i>Exp</i>	2,693	1,027	1,041
		<i>Rev</i>	(1,350)	(1,120)	(1,041)
		<b>NET</b>	<b>1,343</b>	<b>(93)</b>	<b>-</b>
Colac Livestock Selling Centre	This service provides a vital link in our rural infrastructure by providing a marketplace for buying and selling livestock.	<i>Exp</i>	378	387	354
		<i>Rev</i>	(462)	(417)	(445)
		<b>NET</b>	<b>(84)</b>	<b>(30)</b>	<b>(90)</b>
Statutory Planning	This service fulfils Council's statutory obligations in being the responsible authority for the management and regulation of land use and development, with the aim of achieving sustainable outcomes in the interests of current and future generations.	<i>Exp</i>	1,409	1,551	1,342
		<i>Rev</i>	(392)	(413)	(323)
		<b>NET</b>	<b>1,017</b>	<b>1,139</b>	<b>1,019</b>
Strategic Planning	This service ensures that land use planning is undertaken to meet the sustainable long term needs of current and future generations.	<i>Exp</i>	787	714	774
		<i>Rev</i>	(63)	(89)	(175)
		<b>NET</b>	<b>724</b>	<b>624</b>	<b>599</b>

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT. (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100

## 2.2 Strategic Theme 2: Our Places

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

### Services

Service area	Description of services provided		2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Budget \$'000
Emergency Management	This service provides for the necessary support for the community in the case of an emergency event occurring.	<i>Exp</i>	581	1,542	347
		<i>Rev</i>	(592)	(90)	(14)
		<b>NET</b>	<b>(11)</b>	<b>1,452</b>	<b>333</b>
Environment	This service provides for management of our natural environment to the betterment and enjoyment of all members of our community.	<i>Exp</i>	1,070	615	623
		<i>Rev</i>	(88)	-	(1)
		<b>NET</b>	<b>981</b>	<b>615</b>	<b>622</b>
Infrastructure Services	This service provides for the physical assets required by the community to maintain a happy, healthy and sustainable lifestyle.	<i>Exp</i>	9,436	11,069	6,655
		<i>Rev</i>	(731)	(5,464)	(766)
		<b>NET</b>	<b>8,705</b>	<b>5,605</b>	<b>5,889</b>
Parks, Gardens and Reserves	This service provides for the maintenance of open space for the enjoyment of all community members.	<i>Exp</i>	1,404	2,389	2,260
		<i>Rev</i>	(11)	-	-
		<b>NET</b>	<b>1,393</b>	<b>2,389</b>	<b>2,260</b>
Waste Management	This service provides for the efficient and effective control of waste products produced by our community. It includes the provision of waste collection services as well as for disposal to landfill.	<i>Exp</i>	4,067	4,109	5,537
		<i>Rev</i>	(3,455)	(3,337)	(3,412)
		<b>NET</b>	<b>611</b>	<b>772</b>	<b>2,125</b>

### Major Initiatives

#### Facilitate the process of making additional residential land available

Colac has a significant lack of development ready land which is constraining the town's residential and economic growth. With the completion of the Princes Highway duplication and high quality social, education and recreation facilities, Colac has an enhanced reputation as an attractive place to live and work.

The Colac 2050 Growth Plan was adopted by the Victorian Government in late 2020 and paves the way for the future growth of the town. Further planning work is now required to unlock the potential for growth in key areas of Colac and ensure land is ready for residential development. Council will work with landowners, developers and key authorities to fast-track the availability of land for residential growth. Council will progress key rezoning applications as well prepare an Outline Development Plan for the Deans Creek Growth Corridor. This work will establish locations for key infrastructure such as public open space, main road and path connections, drainage and the like. Council is funding this work in part over 2021/22 and 2022/23, and is seeking Victorian Government funding to assist.

Council will also facilitate the sale of Council owned residential land at 36-52 Bruce Street Colac with a view to achieving affordable housing outcomes as part of a future development process.

#### Implantation of additional glass recycling kerbside collection

In February 2020 the Victorian Government announced significant reforms to household recycling to ensure Victoria is well placed to transition to a circular economy. The first stage of the reform requires councils to separate glass from the yellow co-mingled recycling bin. Councils are to transition into a four bin model. This means a separate glass bin with a purple lid will be rolled out for the collection of glass for all kerbside tenements and a separate glass disposal at the transfer stations and drop off facilities.

### Service Performance Outcome Indicators

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



## 2.3 Strategic Theme 3: Our Community

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

### Services

Service area	Description of services provided		2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Budget \$'000
Arts & Culture	This service is responsible for the management and provision of arts and cultural services to the community. This service is responsible for the running of the Colac Otway Performing Arts & Cultural Centre.	<i>Exp</i>	1,093	816	933
		<i>Rev</i>	(480)	(202)	(440)
		<b>NET</b>	<b>613</b>	<b>614</b>	<b>493</b>
Leisure Centres	This service actively promotes a healthy lifestyle for our community by directly providing swimming and gymnasium facilities.	<i>Exp</i>	2,137	1,328	2,143
		<i>Rev</i>	(1,118)	(426)	(1,387)
		<b>NET</b>	<b>1,019</b>	<b>903</b>	<b>756</b>
Children and Family Services	This service provides support to our children, families and youth to encourage and nurture their growth and development.	<i>Exp</i>	1,230	1,792	1,264
		<i>Rev</i>	(991)	(1,630)	(987)
		<b>NET</b>	<b>239</b>	<b>162</b>	<b>278</b>
Library Services	The library service provides resources and oversight to the Corangamite Regional Library Corporation for the provision of information, education, recreation and enrichment for the community.	<i>Exp</i>	704	752	857
		<i>Rev</i>	(1)	(11)	(1)
		<b>NET</b>	<b>703</b>	<b>741</b>	<b>856</b>
Local Laws	This service provides for community safety and health by providing for a framework for behaviours which affect our community well-being.	<i>Exp</i>	810	706	818
		<i>Rev</i>	(395)	(144)	(316)
		<b>NET</b>	<b>415</b>	<b>562</b>	<b>502</b>
Older Persons & Disability Services	This service provides support to older and disabled members of our community in order to sustain quality of life for all our residents.	<i>Exp</i>	3,661	4,734	5,063
		<i>Rev</i>	(3,604)	(4,613)	(4,709)
		<b>NET</b>	<b>57</b>	<b>121</b>	<b>354</b>
Public Health	This service promotes a healthy and safe lifestyle by actively promoting and policing public health issues.	<i>Exp</i>	598	602	525
		<i>Rev</i>	(269)	(98)	(279)
		<b>NET</b>	<b>330</b>	<b>503</b>	<b>246</b>
Recreation	This service provides for active community involvement and the promotion of healthy lifestyles by providing for suitable sporting and recreational facilities.	<i>Exp</i>	222	290	369
		<i>Rev</i>	(0)	-	(3)
		<b>NET</b>	<b>222</b>	<b>290</b>	<b>366</b>

### Major Initiatives

#### Implementation of the transition from Corangamite to Geelong Regional Library Corporation

On July 1, 2021 Council will officially transition to the Geelong Regional Library Corporation. The new corporation will offer a range of enhanced services to our community including a large collection of more than 400,000 items and specialist programs for children and adults.

## Service Performance Outcome Indicators

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

## 2.4 Strategic Theme 4: Our Leadership & Management

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

### Services

Service area	Description of services provided		2019/20 Actual \$'000	2020/21 Forecast \$'000	2021/22 Budget \$'000
Councillors and Chief Executive	This area of governance includes the Mayor, Councillors, Chief Executive Officer, Business Improvement Officer and Public Relations Team and associated support which cannot be easily attributed to the direct service provision areas.	<i>Exp</i>	1,569	2,036	1,958
		<i>Rev</i>	(6)	(30)	(5)
		<b>NET</b>	<b>1,563</b>	<b>2,006</b>	<b>1,953</b>
Finance, Property and Rates	This service has the responsibility to generate revenue for Council via rate, levies and charges and to provide sustainable and accountable financial management of Council's resources.	<i>Exp</i>	1,630	1,730	1,890
		<i>Rev</i>	(8,055)	(7,318)	(7,290)
		<b>NET</b>	<b>(6,425)</b>	<b>(5,588)</b>	<b>(5,400)</b>
Customer Service	This service has the responsibility to provide the first point of contact between Council and the public through Council's Customer Service Centres. The service provides overall corporate customer service to the wider community and assists all areas of Council with the provision of corporate responsibility.	<i>Exp</i>	415	463	481
		<i>Rev</i>	7	-	-
		<b>NET</b>	<b>422</b>	<b>463</b>	<b>481</b>
Corporate Services Management	This service has the responsibility to maintain strong governance and administrative systems and to ensure that these systems are responsive, accountable and transparent to internal users and community needs.	<i>Exp</i>	506	1,451	610
		<i>Rev</i>	(866)	(1,010)	(15)
		<b>NET</b>	<b>(361)</b>	<b>441</b>	<b>595</b>
Contract Management	This service provides oversight and governance on contractual and procurement services undertaken by Council	<i>Exp</i>	248	259	269
		<i>Rev</i>	-	-	-
		<b>NET</b>	<b>248</b>	<b>259</b>	<b>269</b>
Information Services	This services provides management and governance of information flows, storage and retrieval within the organisation in accordance with appropriate legislation and standards.	<i>Exp</i>	2,328	2,938	2,616
		<i>Rev</i>	-	-	-
		<b>NET</b>	<b>2,328</b>	<b>2,938</b>	<b>2,616</b>
People, Performance & Culture	This service provides and develops a cultural of high performance, productivity and accountability across the organisation.	<i>Exp</i>	726	713	722
		<i>Rev</i>	-	-	-
		<b>NET</b>	<b>726</b>	<b>713</b>	<b>722</b>
Risk Management Services	This service has the responsibility to identify, record and manage all business risk associated with Council's activities. This service manages Council's insurance portfolio.	<i>Exp</i>	926	861	854
		<i>Rev</i>	(97)	(407)	(115)
		<b>NET</b>	<b>829</b>	<b>454</b>	<b>739</b>

## Major Initiatives

### Construction of Apollo Bay Early Years Hub

In late 2021, the Apollo Bay Preschool will move into the new Apollo Bay Early Years Hub on the Apollo Bay P-12 College site. This new facility will include a dedicated space for Maternal and Child Health consultations. The new two-room, 66-place kindergarten has been funded by the Victorian Government under its Kindergartens on School Sites program, with Council contributing up to \$500,000 towards the MCH consulting spaces.

Council's budget also contains an allocation to get the building ready to take children, which will include the addition of fixtures and fittings such as window coverings, and the costs associated with getting the building licenced for operation.

### Service review of Colac Regional Saleyards

The Saleyards industry has changed substantially in recent years including a move from some farmers to sell directly to abattoir and online sales. Colac Regional Saleyards has seen a decline in throughput in recent years, largely due to an overall decrease in local stock volumes. A full service review is required to ensure that Council is managing the asset and its operations in line with current best practice, with consideration of future strategic priorities.

### Development of Asset Management Plans

As a requirement of the Local Government Act 2020, Council is preparing a suite of Asset Plans for adoption prior to July 2022. These plans will include an Asset Management Strategy and Asset Management Plans for our six major asset classes: bridges, roads, footpaths, stormwater/drainage, open space and buildings. Preparation of the plans involves collection of up to date condition data, a preliminary review of service levels and demand, and community consultation. The Asset Management Plans will inform the long-term financial plan.

## Service Performance Outcome Indicators

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

## 2.5 Reconciliation with budgeted operating result

	Net Cost (Revenue)	Expenditure	Revenue
	\$'000	\$'000	\$'000
Our Prosperity	4,652	7,358	(2,706)
Our Places	11,229	15,422	(4,194)
Our Community	3,850	11,972	(8,122)
Our Leadership & Management	1,976	9,400	(7,424)
<b>Total</b>	<b>21,706</b>	<b>44,152</b>	<b>(22,446)</b>
<b><i>Expenses added in:</i></b>			
Depreciation	8,990		
Amortisation - right of use assets	110		
Finance costs	178		
<b><i>Deficit before funding sources</i></b>	<b>30,984</b>		
<b><i>Funding sources added in:</i></b>			
Rates and charges revenue (excluding Waste)	(29,562)		
Capital grants	(4,691)		
<b><i>Total funding sources</i></b>	<b>(34,253)</b>		
<b><i>Operating (surplus)/deficit for the year</i></b>	<b>(3,269)</b>		

### **3. Financial Statements**

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2021/22 has been supplemented with projections to 2024/25.

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

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

### 3.1 Comprehensive Income Statement

For the four years ending 30 June 2025

	NOTES	Forecast	Budget	Projections		
		2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
<b>Income</b>						
Rates and charges	4.1.1	31,847	32,773	33,159	33,689	34,226
Statutory fees and fines	4.1.2	594	826	878	897	920
User fees	4.1.3	5,296	6,548	6,877	7,215	7,561
Grants - Operating	4.1.4	17,463	10,690	10,311	10,362	10,414
Grants - Capital	4.1.4	4,885	4,691	2,318	2,376	2,436
Contributions - monetary	4.1.5	139	420	125	125	125
Contributions - non-monetary	4.1.5	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		292	25	-	-	-
Fair value adjustments for investment property		-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures		30	30	30	31	31
Other income	4.1.6	790	367	511	520	562
<b>Total income</b>		<b>61,336</b>	<b>56,370</b>	<b>54,209</b>	<b>55,215</b>	<b>56,276</b>
<b>Expenses</b>						
Employee costs	4.1.7	21,103	21,683	22,557	23,239	23,912
Materials and services	4.1.8	26,436	20,730	19,958	20,486	21,287
Depreciation	4.1.9	10,800	8,990	9,200	9,300	9,400
Amortisation - right of use assets	4.1.10	115	110	80	80	80
Bad and doubtful debts		2	20	20	20	20
Borrowing costs		53	39	33	-	-
Finance Costs - leases		49	139	95	88	79
Other expenses	4.1.11	2,184	1,389	1,125	1,144	1,161
<b>Total expenses</b>		<b>60,741</b>	<b>53,101</b>	<b>53,068</b>	<b>54,355</b>	<b>55,938</b>
<b>Surplus/(deficit) for the year</b>		<b>595</b>	<b>3,269</b>	<b>1,141</b>	<b>860</b>	<b>338</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to surplus or deficit in future periods</b>						
Net asset revaluation increment/(decrement)		-	-	-	-	-
Share of other comprehensive income of associates and joint ventures		-	-	-	-	-
<b>Items that may be reclassified to surplus or deficit in future periods (detail as appropriate)</b>		-	-	-	-	-
<b>Total comprehensive result</b>		<b>595</b>	<b>3,269</b>	<b>1,141</b>	<b>860</b>	<b>338</b>

### 3.2 Balance Sheet

For the four years ending 30 June 2025

		Forecast	Budget	Projections		
		2020/21	2021/22	2022/23	2023/24	2024/25
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		14,495	13,253	9,655	5,755	1,124
Trade and other receivables		2,673	2,748	1,461	1,484	1,517
Inventories		190	175	175	175	175
Other assets		329	366	366	366	366
<b>Total current assets</b>	4.2.1	<b>17,687</b>	<b>16,542</b>	<b>11,657</b>	<b>7,780</b>	<b>3,182</b>
<b>Non-current assets</b>						
Investments in associates, joint arrangement and subsidiaries		471	501	501	501	501
Property, infrastructure, plant & equipment		358,448	362,565	366,882	371,520	376,406
Right-of-use assets	4.2.4	748	638	558	478	399
<b>Total non-current assets</b>	4.2.1	<b>359,667</b>	<b>363,704</b>	<b>367,941</b>	<b>372,499</b>	<b>377,305</b>
<b>Total assets</b>		<b>377,354</b>	<b>380,246</b>	<b>379,598</b>	<b>380,280</b>	<b>380,487</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables		5,749	5,685	4,783	4,904	5,080
Trust funds and deposits		724	661	661	661	661
Provisions		4,357	4,357	4,357	4,357	4,357
Interest-bearing liabilities	4.2.3	142	596	-	-	-
Lease liabilities	4.2.4	100	100	53	62	72
<b>Total current liabilities</b>	4.2.2	<b>11,072</b>	<b>11,399</b>	<b>9,854</b>	<b>9,983</b>	<b>10,170</b>
<b>Non-current liabilities</b>						
Provisions		9,005	9,005	8,759	8,513	8,267
Interest-bearing liabilities	4.2.3	596	-	-	-	-
Lease liabilities	4.2.4	663	553	554	493	421
<b>Total non-current liabilities</b>	4.2.2	<b>10,264</b>	<b>9,558</b>	<b>9,313</b>	<b>9,006</b>	<b>8,688</b>
<b>Total liabilities</b>		<b>21,336</b>	<b>20,957</b>	<b>19,167</b>	<b>18,989</b>	<b>18,858</b>
<b>Net assets</b>		<b>356,019</b>	<b>359,289</b>	<b>360,431</b>	<b>361,291</b>	<b>361,629</b>
<b>Equity</b>						
Accumulated surplus		133,854	138,116	139,257	140,117	140,455
Reserves		222,165	221,173	221,174	221,174	221,174
<b>Total equity</b>		<b>356,019</b>	<b>359,289</b>	<b>360,431</b>	<b>361,291</b>	<b>361,629</b>



### 3.3 Statement of Changes in Equity

For the four years ending 30 June 2025

		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	NOTES	\$'000	\$'000	\$'000	\$'000
<b>2021 Forecast Actual</b>					
Balance at beginning of the financial year		355,423	130,527	208,131	16,765
Impact of adoption of new accounting standards		-	-	-	-
Adjusted opening balance		355,424	130,528	208,131	16,765
Surplus/(deficit) for the year		595	595	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(11,672)		11,672
Transfers from other reserves		-	14,403		(14,403)
<b>Balance at end of the financial year</b>		<b>356,019</b>	<b>133,854</b>	<b>208,131</b>	<b>14,034</b>
<b>2022 Budget</b>					
Balance at beginning of the financial year		356,019	133,854	208,131	14,034
Surplus/(deficit) for the year		3,269	3,269	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves	4.3.1	-	(8,136)	-	8,136
Transfers from other reserves	4.3.1	-	9,129	-	(9,129)
<b>Balance at end of the financial year</b>	4.3.2	<b>359,289</b>	<b>138,116</b>	<b>208,131</b>	<b>13,041</b>
<b>2023</b>					
Balance at beginning of the financial year		359,289	138,116	208,131	13,041
Surplus/(deficit) for the year		1,141	1,141	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	-	-	-
Transfers from other reserves		-	-	-	-
<b>Balance at end of the financial year</b>		<b>360,430</b>	<b>139,257</b>	<b>208,131</b>	<b>13,041</b>
<b>2024</b>					
Balance at beginning of the financial year		360,430	139,257	208,131	13,041
Surplus/(deficit) for the year		860	860	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	-	-	-
Transfers from other reserves		-	-	-	-
<b>Balance at end of the financial year</b>		<b>361,290</b>	<b>140,117</b>	<b>208,131</b>	<b>13,041</b>
<b>2025</b>					
Balance at beginning of the financial year		361,290	140,117	208,131	13,041
Surplus/(deficit) for the year		338	338	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	-	-	-
Transfers from other reserves		-	-	-	-
<b>Balance at end of the financial year</b>		<b>361,627</b>	<b>140,455</b>	<b>208,131</b>	<b>13,041</b>

### 3.4 Statement of Cash Flows

For the four years ending 30 June 2025

	Notes	Forecast	Budget	Projections		
		2020/21	2021/22	2022/23	2023/24	2024/25
		\$'000	\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>						
Rates and charges		32,770	32,661	33,937	33,664	34,196
Statutory fees and fines		594	825	898	897	919
User fees		5,296	6,548	7,038	7,204	7,549
Grants - operating		17,479	10,671	3,392	3,362	3,414
Grants - capital		4,885	4,691	2,373	2,374	2,433
Contributions - monetary		19	420			
Interest received		-	-	140	140	140
Trust funds and deposits taken		-	-			
Other receipts		910	368	7,669	7,500	7,540
Employee costs		(21,103)	(21,683)	(23,023)	(23,171)	(23,831)
Materials and services		(26,120)	(20,778)	(19,491)	(19,632)	(20,365)
Trust funds and deposits repaid		(523)	(63)	-	-	-
Other payments		(2,184)	(1,389)	(2,194)	(2,190)	(2,232)
<b>Net cash provided by/(used in) operating activities</b>	4.4.1	<b>12,024</b>	<b>12,271</b>	<b>10,739</b>	<b>10,148</b>	<b>9,764</b>
<b>Cash flows from investing activities</b>						
Payments for property, infrastructure, plant and equipment		(14,287)	(13,692)	(13,597)	(13,938)	(14,286)
Proceeds from sale of property, infrastructure, plant and equipment		1,062	500			
Payments for investments		-	-	-	-	-
Proceeds from sale of investments		-	-	30	31	31
<b>Net cash provided by/ (used in) investing activities</b>	4.4.2	<b>(13,225)</b>	<b>(13,192)</b>	<b>(13,567)</b>	<b>(13,907)</b>	<b>(14,254)</b>
<b>Cash flows from financing activities</b>						
Finance costs		(53)	(39)	(33)	0	0
Proceeds from borrowings						
Repayment of borrowings		(286)	(142)	(596)	-	-
Interest paid - lease liability		(49)	(29)	(95)	(88)	(79)
Repayment of lease liabilities		(115)	(110)	(46)	(53)	(62)
<b>Net cash provided by/(used in) financing activities</b>	4.4.3	<b>(503)</b>	<b>(320)</b>	<b>(770)</b>	<b>(141)</b>	<b>(141)</b>
Net increase/(decrease) in cash & cash equivalents		(1,704)	(1,241)	(3,597)	(3,900)	(4,631)
Cash and cash equivalents at the beginning of the financial year		16,199	14,495	13,253	9,656	5,756
<b>Cash and cash equivalents at the end of the financial year</b>		<b>14,495</b>	<b>13,253</b>	<b>9,656</b>	<b>5,756</b>	<b>1,124</b>

### 3.5 Statement of Capital Works

For the four years ending 30 June 2025

	Notes	Forecast	Budget	Projections		
		2020/21	2021/22	2022/23	2023/24	2024/25
		\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Property</u></b>						
Land		-	-	-	-	-
Buildings		658	702	798	818	838
<b>Total land &amp; Buildings</b>		<b>658</b>	<b>702</b>	<b>798</b>	<b>818</b>	<b>838</b>
<b>Total property</b>	4.5.2	<b>658</b>	<b>702</b>	<b>798</b>	<b>818</b>	<b>838</b>
<b><u>Plant and equipment</u></b>						
Plant, machinery and equipment		2,425	2,100	2,308	2,366	2,425
Fixtures, fittings and furniture		0	8	319	327	335
Computers and telecommunications		247	80	368	377	386
<b>Total plant and equipment</b>	4.5.2	<b>2,672</b>	<b>2,188</b>	<b>2,994</b>	<b>3,069</b>	<b>3,146</b>
<b><u>Infrastructure</u></b>						
Roads		5,746	5,713	6,841	7,013	7,188
Bridges		1,471	1,440	659	676	693
Footpaths and cycleways		886	372	245	251	257
Drainage		340	350	465	476	488
Other infrastructure		2,573	2,927	1,595	1,635	1,676
<b>Total infrastructure</b>	4.5.2	<b>11,016</b>	<b>10,802</b>	<b>9,805</b>	<b>10,051</b>	<b>10,302</b>
<b>Total capital works expenditure</b>		<b>14,346</b>	<b>13,692</b>	<b>13,597</b>	<b>13,938</b>	<b>14,286</b>
<b>Represented by:</b>						
New asset expenditure		507	118	0	0	0
Asset renewal expenditure		13,610	8,570	13,597	13,938	14,286
Asset upgrade expenditure		229	5,004	0	0	0
<b>Total capital works expenditure</b>		<b>14,346</b>	<b>13,692</b>	<b>13,597</b>	<b>13,938</b>	<b>14,286</b>
<b>Funding Sources represented by:</b>						
Grants		4,873	4,691	2,318	2,376	2,436
Contributions		-	120	-	-	-
Council Cash		9,473	8,881	11,279	11,561	11,850
Borrowings		-	-	-	-	-
<b>Total capital works expenditure</b>		<b>14,346</b>	<b>13,692</b>	<b>13,597</b>	<b>13,938</b>	<b>14,286</b>

### 3.6 Statement of Human Resources

For the four years ending 30 June 2025

	Forecast	Budget	Projections		
	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>					
Employee costs - operating	21,103	21,683	22,557	23,239	23,912
Employee costs - capital	418	450	450	450	450
<b>Total staff expenditure</b>	<b>21,521</b>	<b>22,133</b>	<b>23,007</b>	<b>23,689</b>	<b>24,362</b>
	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
<b>Staff numbers</b>					
Employees	228.0	238.4	238.4	238.4	238.4
<b>Total staff numbers</b>	<b>228.0</b>	<b>238.4</b>	<b>238.4</b>	<b>238.4</b>	<b>238.4</b>

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

Department	Budget 2021/22 \$'000	Comprises			
		Permanent		Casual	Temp
		Full Time \$'000	Part time \$'000	\$'000	\$'000
Chief Executive Office	765	653	112	-	-
Corporate Services	3,813	2,799	1,015	-	-
Development and Community Services	8,694	4,478	3,894	322	-
Environment and Infrastructure Services	8,411	7,836	575	-	-
<b>Total permanent staff expenditure</b>	<b>21,683</b>	<b>15,765</b>	<b>5,596</b>	<b>322</b>	<b>-</b>
Capitalised labour costs	450				
<b>Total expenditure</b>	<b>22,133</b>				

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

Department	Budget 2021/22	Comprises			
		Permanent		Casual	Temp
		Full Time	Part time		
Chief Executive Office	8	7	1	-	-
Corporate Services	41	30	11	-	-
Development and Community Services	93	48	42	3	-
Environment and Infrastructure Services	90	84	6	-	-
<b>Total permanent staff expenditure</b>	<b>232</b>	<b>169</b>	<b>60</b>	<b>3</b>	<b>-</b>
Capitalised labour costs	6				
<b>Total staff</b>	<b>238</b>				

### 3.7 Summary of Planned Human Resources Expenditure

For the four years ending 30 June 2025

	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
<b>Chief Executive Office</b>				
Permanent - Full time	653	679	700	720
Female	414	431	444	457
Male	239	248	256	263
Self-described gender	0	0	0	0
Permanent - Part time	112	116	120	123
Female	112	116	120	123
Male	0	0	0	0
Self-described gender	0	0	0	0
<b>Total Chief Executive Office</b>	<b>765</b>	<b>796</b>	<b>820</b>	<b>844</b>
<b>Corporate Services</b>				
Permanent - Full time	2,799	2,911	2,999	3,086
Female	1,599	1,664	1,714	1,764
Male	1,199	1,248	1,285	1,323
Self-described gender	0	0	0	0
Permanent - Part time	1,015	1,055	1,087	1,119
Female	1,015	1,055	1,087	1,119
Male	0	0	0	0
Self-described gender	0	0	0	0
<b>Total Corporate Services</b>	<b>3,813</b>	<b>3,967</b>	<b>4,087</b>	<b>4,205</b>
<b>Development and Community Services</b>				
Permanent - Full time	4,478	4,658	4,799	4,938
Female	697	725	746	768
Male	3,781	3,933	4,052	4,170
Self-described gender	0	0	0	0
Permanent - Part time	3,894	4,051	4,174	4,295
Female	3,186	3,315	3,415	3,514
Male	708	737	759	781
Self-described gender	0	0	0	0
<b>Total Development and Community Services</b>	<b>8,372</b>	<b>8,709</b>	<b>8,973</b>	<b>9,232</b>
<b>Environment and Infrastructure Services</b>				
Permanent - Full time	7,836	8,152	8,398	8,641
Female	3,740	3,891	4,008	4,124
Male	4,096	4,261	4,390	4,517
Self-described gender	0	0	0	0
Permanent - Part time	575	598	617	634
Female	532	554	570	587
Male	43	45	46	48
Self-described gender	0	0	0	0
<b>Total Environment and Infrastructure Services</b>	<b>8,411</b>	<b>8,750</b>	<b>9,014</b>	<b>9,276</b>
<b>Casuals, temporary and other expenditure</b>	<b>322</b>	<b>335</b>	<b>345</b>	<b>355</b>
<b>Capitalised labour costs</b>	<b>450</b>	<b>450.0</b>	<b>450.0</b>	<b>450.0</b>
<b>Total staff expenditure</b>	<b>22,133</b>	<b>23,007</b>	<b>23,689</b>	<b>24,362</b>

	2021/22 FTE	2022/23 FTE	2023/24 FTE	2024/25 FTE
<b>Chief Executive Office</b>				
Permanent - Full time	7.0	7.0	7.0	7.0
Female	5.8	5.8	5.8	5.8
Male	1.2	1.2	1.2	1.2
Self-described gender	0.0	0.0	0.0	0.0
Permanent - Part time	1.2	1.2	1.2	1.2
Female	1.2	1.2	1.2	1.2
Male	0.0	0.0	0.0	0.0
Self-described gender	0.0	0.0	0.0	0.0
<b>Total Chief Executive Office</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>
<b>Corporate Services</b>				
Permanent - Full time	30.0	30.0	30.0	30.0
Female	17.1	17.1	17.1	17.1
Male	12.9	12.9	12.9	12.9
Self-described gender	0.0	0.0	0.0	0.0
Permanent - Part time	10.9	10.9	10.9	10.9
Female	10.9	10.9	10.9	10.9
Male	0.0	0.0	0.0	0.0
Self-described gender	0.0	0.0	0.0	0.0
<b>Total Corporate Services</b>	<b>40.9</b>	<b>40.9</b>	<b>40.9</b>	<b>40.9</b>
<b>Development and Community Services</b>				
Permanent - Full time	48.0	48.0	48.0	48.0
Female	7.5	7.5	7.5	7.5
Male	40.5	40.5	40.5	40.5
Self-described gender	0.0	0.0	0.0	0.0
Permanent - Part time	41.7	41.7	41.7	41.7
Female	34.2	34.2	34.2	34.2
Male	7.6	7.6	7.6	7.6
Self-described gender	0.0	0.0	0.0	0.0
<b>Total Development and Community Services</b>	<b>89.7</b>	<b>89.7</b>	<b>89.7</b>	<b>89.7</b>
<b>Environment and Infrastructure Services</b>				
Permanent - Full time	84.0	84.0	84.0	84.0
Female	40.1	40.1	40.1	40.1
Male	43.9	43.9	43.9	43.9
Self-described gender	0.0	0.0	0.0	0.0
Permanent - Part time	6.2	6.2	6.2	6.2
Female	5.7	5.7	5.7	5.7
Male	0.5	0.5	0.5	0.5
Self-described gender	0.0	0.0	0.0	0.0
<b>Total Environment and Infrastructure Services</b>	<b>90.2</b>	<b>90.2</b>	<b>90.2</b>	<b>90.2</b>
<b>Casuals and temporary staff</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>
<b>Capitalised labour</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
<b>Total staff numbers</b>	<b>238.4</b>	<b>238.4</b>	<b>238.4</b>	<b>238.4</b>

## 4. Notes to the financial statements

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

### 4.1 Comprehensive Income Statement

#### 4.1.1 Rates and charges

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

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

In developing the Budget, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the financial planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2021/22 the FGRS cap has been set at 1.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 1.5% in line with the rate cap.

The annual kerbside collection charge is budgeted to increase, with the weekly waste charge increasing by \$8 from \$300 to \$308 and the fortnightly waste charge by \$30 from \$205 to \$235.

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

	2020/21 Forecast \$'000	2021/22 Budget \$'000	Change \$'000	%
General rates*	25,536	26,193	657	2.57%
Municipal charge*	2,823	2,880	57	2.02%
Waste management charge	3,128	3,211	83	2.7%
Special rates and charges	22	22	-	0.00%
Supplementary rates and rate adjustments	102	100	(2)	(1.96%)
Revenue in lieu of rates	223	227	4	1.86%
Interest on rates and charges	13	140	127	976.9%
<b>Total rates and charges</b>	<b>31,847</b>	<b>32,773</b>	<b>927</b>	<b>2.91%</b>

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

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

Type or class of land	2020/21 cents/\$CIV	2021/22 cents/\$CIV	Change
Residential - Colac/Elliminyt	0.003898	0.003580	(8.2%)
Residential - Balance Of Shire	0.003313	0.003043	(8.2%)
Holiday Rental	0.003898	0.003580	(8.2%)
Rural Farm	0.002924	0.002685	(8.2%)
Commercial/Industrial - Colac/Elliminyt	0.006432	0.005907	(8.2%)
Commercial/Industrial - Balance Of Shire	0.005457	0.005012	(8.2%)

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

Type or class of land	2020/21	2021/22	Change	
	\$	\$	\$	%
Residential - Colac/Elliminyt	7,287,369	7,519,246	231,876	3.2%
Residential - Balance Of Shire	7,718,707	8,074,780	356,073	4.6%
Holiday Rental	1,604,768	1,473,743	(131,025)	(8.2%)
Rural Farm	5,732,852	6,026,064	293,212	5.1%
Commercial/Industrial - Colac/Elliminyt	2,173,619	2,112,455	(61,163)	(2.8%)
Commercial/Industrial - Balance Of Shire	1,018,674	986,778	(31,896)	(3.1%)
<b>Total amount to be raised by general rates</b>	<b>25,535,988</b>	<b>26,193,065</b>	<b>657,077</b>	<b>2.6%</b>

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

Type or class of land	2020/21	2021/22	Change	
	Number	Number	Number	%
Residential - Colac/Elliminyt	5,770	5,853	83	1.4%
Residential - Balance Of Shire	5,221	5,342	121	2.3%
Holiday Rental	668	618	(50)	(7.5%)
Rural Farm	2,836	2,838	2	0.1%
Commercial/Industrial - Colac/Elliminyt	656	658	2	0.3%
Commercial/Industrial - Balance Of Shire	333	328	(5)	(1.5%)
<b>Total number of assessments</b>	<b>15,484</b>	<b>15,637</b>	<b>153</b>	<b>1.0%</b>

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

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

Type or class of land	2020/21	2021/22	Change	
	\$	\$	\$	%
Residential - Colac/Elliminyt	1,869,515,000	2,100,348,000	230,833,000	12.3%
Residential - Balance Of Shire	2,329,613,000	2,653,559,000	323,946,000	13.9%
Holiday Rental	411,690,000	411,660,000	(30,000)	(0.0%)
Rural Farm	1,960,955,000	2,244,344,000	283,389,000	14.5%
Commercial/Industrial - Colac/Elliminyt	337,954,000	357,619,000	19,665,000	5.8%
Commercial/Industrial - Balance Of Shire	186,666,000	196,883,000	10,217,000	5.5%
<b>Total value of land</b>	<b>7,096,393,000</b>	<b>7,964,413,000</b>	<b>868,020,000</b>	<b>12.2%</b>

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

Type of Charge	Per Rateable Property 2020/21	Per Rateable Property 2021/22	Change	
	\$	\$	\$	%
Municipal Charge	193	195	2	1.0%

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

Type of Charge	2020/21	2021/22	Change	
	\$	\$	\$	%
Municipal Charge	2,823,011	2,879,955	56,944	2.0%



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

Type of Charge	Per Rateable Property 2020/21	Per Rateable Property 2021/22	Change	
	\$	\$	\$	%
Weekly Kerbside collection	300	308	8	2.7%
Fortnightly Kerbside collection	205	235	30	14.6%

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

Type of Charge	2020/21	2021/22	Change	
	\$	\$	\$	%
Weekly Kerbside collection	3,089,400	3,171,784	82,384	2.7%
Fortnightly Kerbside collection	38,130	39,245	1,115	2.9%
<b>Total</b>	<b>3,127,530</b>	<b>3,211,029</b>	<b>83,499</b>	<b>2.7%</b>

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

	2020/21	2021/22	Change	
	\$	\$	\$	%
General rates	25,535,988	26,193,065	657,077	2.6%
Municipal charge	2,823,011	2,879,955	56,944	2.0%
Kerbside collection and recycling	3,127,530	3,211,029	83,499	2.7%
Tirrengower Drainage Scheme	22,500	22,500	-	-
<b>Total Rates and charges</b>	<b>31,509,029</b>	<b>32,306,549</b>	<b>797,520</b>	<b>2.5%</b>

**4.1.1(l) Fair Go Rates System Compliance**

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

	2020/21	2021/22
Total Rates	\$ 27,941,807	\$ 28,646,750
Number of rateable properties	15,484	15,637
Base Average Rate	\$ 1,805	\$ 1,832
Maximum Rate Increase (set by the State Government)	<b>2.00%</b>	<b>1.50%</b>
Capped Average Rate	\$ 1,841	\$ 1,859
Maximum General Rates and Municipal Charges Revenue	\$ 28,500,643	\$ 29,076,451
Budgeted General Rates and Municipal Charges Revenue	\$ 28,358,999	\$ 29,073,020
Budgeted Supplementary Rates	\$ 102,000	\$ 100,000
Budgeted Total Rates and Municipal Charges Revenue	\$ 28,460,999	\$ 29,173,020

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

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

- The making of supplementary valuations (2021/22: estimated \$100,000 and 2020/21: \$102,000)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes of use of land such that rateable land becomes non-rateable land and vice versa
- Changes of use of land such that residential land becomes business land and vice versa.

#### **4.1.1(n) Differential rates**

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

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

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

#### **General Rates Charges**

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

#### **Residential – Colac/Elliminyt**

##### **Definition:**

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

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

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

##### **Objectives:**

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

##### **Types and Classes:**

Rateable land having the relevant characteristics described below:

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

##### **Use of Rate:**

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

##### **Level of Rate:**

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

##### **Use of Land:**

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

##### **Geographic Location:**

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

##### **Planning Scheme Zoning:**

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

##### **Types of Buildings:**

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

## **Residential – Balance of Shire**

### **Definition:**

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

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

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

### **Objectives:**

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

### **Characteristics:**

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

### **Types and Classes:**

Rateable land having the relevant characteristics described below:

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

### **Use of Rate:**

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

### **Level of Rate:**

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

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

### **Use of Land:**

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

### **Geographic Location:**

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

### **Planning Scheme Zoning:**

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

### **Types of Buildings:**

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

## **Holiday Rental**

### **Definition:**

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

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

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

The category will not include:

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

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

### **Objectives:**

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

### **Characteristics:**

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

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

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

### **Types and Classes:**

Rateable land having the relevant characteristics described below:

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

### **Use of Rate:**

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

**Level of Rate:**

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

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

It is recognised however that:

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

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

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

**Use of Land:**

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

**Geographic Location:**

In all the localities of the Colac Otway Shire.

**Planning Scheme Zoning:**

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

**Types of Buildings:**

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

## **Rural Farm**

### **Definition:**

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

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

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

That is used by a business –

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

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

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

Typically these properties will be:

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

### **Objectives:**

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

### **Characteristics:**

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

### **Types and Classes:**

Farm Land having the relevant characteristics described above that is:

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

### **Use of Rate:**

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

**Level of Rate:**

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

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

**Use of Land:**

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

**Geographic Location:**

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

**Planning Scheme Zoning:**

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

**Types of Buildings:**

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

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

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

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

Is used primarily for:

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

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

**Objectives:**

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

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

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

**Characteristics:**

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

**Types and Classes:**

Commercial/Industrial having the relevant characteristics described below:

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

**Use of Rate:**

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

**Level of Rate:**

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

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

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

**Use of Land:**

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

**Geographic Location:**

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

**Planning Scheme Zoning:**

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

**Types of Buildings:**

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

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

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

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

is used primarily for:

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

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



**Objectives:**

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

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

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

**Characteristics:**

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

**Types and Classes:**

Commercial/Industrial having the relevant characteristics described below:

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

**Use of Rate:**

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

**Level of Rate:**

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

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

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

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

**Use of Land:**

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

**Geographic Location:**

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

**Planning Scheme Zoning:**

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

**Types of Buildings:**

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

## **Other Charges**

### **Municipal Charge**

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

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

### **Annual Service (Waste Management) Charges**

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

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

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

### **Tirrengower Special (Drainage) Scheme**

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

The special charge for the Tirrengower drainage works previously declared by Council to be fixed at \$2.50 per hectare for the period 1 July 2020 to 30 June 2021.

#### 4.1.2 Statutory fees and fines

	Forecast 2019/20	Budget 2020/21	Change	
	\$'000	\$'000	\$'000	%
Statutory Planning Operations	290	320	30	10.4%
Public Health Operations	75	257	182	242.7%
Building Services Operations	100	107	8	7.7%
Local Laws Operations	72	72	0	-
Property & Rates Operations	30	33	3	10.0%
Infrastructure Customer Services	20	20	0	-
Emergency Management Operations	5	14	9	180.0%
Planning Compliance	3	3	0	-
<b>Total statutory fees and fines</b>	<b>594</b>	<b>826</b>	<b>232</b>	<b>39.0%</b>

The statutory fees generated from Council are expected to mostly remain consistent in 2021/22. The statutory income from Public Health Operations reduced in 2020/21 due to a community support initiative to offer fee relief for health and food registrations. Council expects to resume charging these fees in 2021/22, which will result in additional statutory fee income of \$182k.

#### 4.1.3 User fees

	Forecast 2020/21	Budget 2021/22	Change	
	\$'000	\$'000	\$'000	%
Aged Care Management Administration	3,017	3,357	340	11.3%
Bluewater Fitness Centre Operations	633	1,362	729	115.1%
Colac Livestock Selling Centre Operations	417	445	28	6.6%
COPACC Management Operations	183	304	121	65.9%
Great Ocean Road VIC Operations	209	224	16	7.4%
Waste Management Administration	197	210	14	6.9%
Local Laws Operations	179	171	(8)	(4.5%)
Apollo Bay Harbour Admin	138	145	7	4.8%
Infrastructure Development	141	140	(1)	(0.9%)
Family & Children's Services Operations	104	124	20	19.2%
Colac Visitor Information Centre Operations	18	35	18	100.0%
Airfield Operations	15	20	5	33.8%
Building Services Operations	7	6	(1)	(13.9%)
Public Health Operations	3	3	0	-
Standpipe Management Operations	-	1	1	-
Risk Management Operations	1	1	0	-
Statutory Planning Operations	1	1	0	-
Strategic Asset & Property Services Operations	25	-	(25)	(100.0%)
Emergency Management Operations	10	-	(10)	(100.0%)
<b>Total user fees</b>	<b>5,296</b>	<b>6,548</b>	<b>1,251</b>	<b>23.6%</b>

The budgeted increase in user fees is largely due to the expectation of increased delivery of fully-funded Home Care Packages in 2021/22, as well as the impact of COVID-19 on 2020/21 operations. In the Aged services area there is a budgeted increase of fees due to increased numbers using the Home Care Services that Council provides to the community (\$340k). This increase is partially offset by the costs to deliver the additional packages, as shown in the '4.1.7 Employee Cost' analysis. The impact of COVID-19 resulted in reduced 2020/21 forecast user fees across several areas of the organisation, including Bluewater Leisure Centre (BWLC) and COPACC. It is expected that these services will remain open in 2021/22, resulting in increased user fees for BWLC (\$729k) and COPACC (\$121k).

#### 4.1.4 Grants

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

	Forecast 2020/21 \$'000	Budget 2021/22 \$'000	Change \$'000 %	
<b>Grants were received in respect of the following:</b>				
Summary of grants				
Commonwealth funded grants	14,316	11,823	(2,493)	(17.4%)
State funded grants	8,032	3,558	(4,474)	(55.7%)
<b>Total grants received</b>	<b>22,348</b>	<b>15,381</b>	<b>(6,967)</b>	<b>(31.2%)</b>
<b>(a) Operating Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Family & Children's Services Operations	400	425	25	6.3%
Aged Care Management Administration	78	91	14	17.4%
Other	66	66	0	-
Public Health Operations	3	3	0	-
Victorian Grants Commission	7,084	6,997	(87)	(1.2%)
<b>Recurrent - State Government</b>				
Aged Care Management Administration	1,155	1,047	(108)	(9.4%)
Port of Apollo Bay Operations	878	891	13	1.5%
Maternal & Child Health Operations	488	410	(78)	(15.9%)
Regional Assessment Service Operations	182	182	(0)	(0.1%)
COPACC Management Operations	95	95	0	-
School Crossing Supervision Operations	55	55	0	-
Revenue Services	46	49	3	6.3%
Public Health Operations	17	16	(1)	(8.0%)
Family & Children's Services Operations	1	1	0	-
Bluewater Leisure Centre	14	-	(14)	(100.0%)
<b>Total recurrent grants</b>	<b>10,562</b>	<b>10,328</b>	<b>(259)</b>	<b>(2.5%)</b>
<b>Non-recurrent - Commonwealth Government</b>				
City Deal Projects	4,610	-	(4,610)	(100.0%)
Family & Children's Services Operations	31	-	(31)	(100.0%)
Events	21	-	(21)	(100.0%)
<b>Non-recurrent - State Government</b>				
Economic Development Operations	796	300	(496)	(62.3%)
Community Services Management	81	32	(49)	(60.4%)
Family & Children's Services Operations	107	27	(80)	(74.7%)
Recreation & Open Spaces	-	3	3	100.0%
Working For Victoria	980	-	(980)	(100.0%)
Port of Apollo Bay Operations	110	-	(110)	(100.0%)
Strategic Planning Operations	89	-	(89)	(100.0%)
Disaster Recovery	75	-	(75)	(100.0%)
<b>Total non-recurrent grants</b>	<b>6,900</b>	<b>362</b>	<b>(6,538)</b>	<b>(94.8%)</b>
<b>Total operating grants</b>	<b>17,463</b>	<b>10,690</b>	<b>(6,772)</b>	<b>(38.8%)</b>
<b>(b) Capital Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Roads to recovery	1,700	1,700	-	-
<b>Total recurrent grants</b>	<b>1,700</b>	<b>1,700</b>	<b>0</b>	<b>-</b>
<b>Non-recurrent - Commonwealth Government</b>				
Recreation, Leisure and Community Facilities	323	2,541	2,218	686.9%
<b>Non-recurrent - State Government</b>				
Local Roads and Community Infrastructure Funding	1,702	-	(1,702)	(100.0%)
Recreation, Leisure and Community Facilities	1,160	450	(710)	(61.2%)
<b>Total non-recurrent grants</b>	<b>3,185</b>	<b>2,991</b>	<b>(194)</b>	<b>(6.1%)</b>
<b>Total capital grants</b>	<b>4,885</b>	<b>4,691</b>	<b>(194)</b>	<b>(4.0%)</b>
<b>Total Grants</b>	<b>22,348</b>	<b>15,381</b>	<b>(6,967)</b>	<b>(31.2%)</b>

The budgeted recurrent operating grants are similar to the 2020/21 forecast, with the expectation that Federal Assistant Grant funding will increase, with 50% received in advance. The budgeted reduction in non-recurrent operating grants predominantly relates to the receipt of \$4.6m for the City Deals Project in 2020/21, which has an offsetting expense of \$4.6m recognised in Materials and Services. The 2020/21 forecast also includes \$980k Working for Victoria funding, which has an offsetting expense.

The budgeted capital grants are less than the 2020/21 forecast and include Roads to Recovery funding (\$1.7m), the implementation of Local Sports Infrastructure lighting upgrades (\$2.3m) and the replacement and upgrade of the King Track bridge in Chapple Vale (\$450k). The 2020/21 forecast includes grants that have been carried forward from previous years, as well as grants that relate to capital works in the 2020/21 budget. These grants include funding for Local Roads and Community Infrastructure (\$1.7m), Central Reserve Lighting and Netball Court Redevelopment (\$556k), the Memorial Square Playspace (\$325k) and the Elliminyt Recreation Reserve Velodrome Resurfacing (\$279k). The reduction in expected capital grants is reflected in the reduced capital works program (refer '4.5 Capital works program').

#### 4.1.5 Contributions

	Forecast 2020/21 \$'000	Budget 2021/22 \$'000	Change	
			\$'000	%
Monetary	139	420	281	202.7%
Non-monetary	-	-	-	-
<b>Total contributions</b>	<b>139</b>	<b>420</b>	<b>281</b>	<b>202.7%</b>

Monetary contributions are expected to increase due to an expected increase of contributions in 2021/22 relating to one-off projects. These contributions relate to projects including the Deans Creek Precinct Structure Plan (\$175k), Community Sport Lighting Upgrades (\$50k), and the replacement and upgrade bridge on King Track Chapple Vale (\$50k). It is also expected that Council will receive Public Open Space contributions (\$100k),

#### 4.1.6 Other income

	Forecast 2020/21 \$'000	Budget 2021/22 \$'000	Change	
			\$'000	%
Reimbursements	456	109	(348)	(76.2%)
Port of Apollo Bay Administration Income	60	60	-	-
Interest	75	50	(25)	(33.3%)
Other income	99	48	(51)	(51.2%)
Works on Road Permits	40	40	-	-
Rates Legal Costs Recovered	40	40	-	-
Landing Fees	20	20	-	-
<b>Total other income</b>	<b>790</b>	<b>367</b>	<b>(423)</b>	<b>(53.5%)</b>

There are several expected variances relating to 'Other income' in 2021/22, including a reduction of interest on investments. It is expected that Interest received from investments will decrease by \$25k due to a combination of the RBA lowering the Cash Rate in 2020/21 and Council not holding as much cash as in previous years. The 2020/21 Forecast included a one-off reimbursement of \$284k for legal costs, as well as \$30k from penalties relating to the election. 2021/22 reimbursements include \$82k for reimbursed wages for employees on long-term WorkCover, in comparison to \$90k in 2020/21.

#### 4.1.7 Employee costs

	Forecast 2020/21	Budget 2021/22	Change	
	\$'000	\$'000	\$'000	%
Wages and salaries	16,015	16,192	177	1.1%
Employee Leave	1,591	1,635	44	2.8%
Superannuation	1,789	1,898	109	6.1%
Casual Staff	456	565	110	24.1%
Sick Leave	561	576	15	2.8%
Other Employee Benefits	189	213	25	13.2%
Fringe Benefits Tax	170	170	0	-
WorkCover	333	433	100	30.0%
<b>Total employee costs</b>	<b>21,103</b>	<b>21,683</b>	<b>580</b>	<b>2.7%</b>

The 2020/21 Forecast includes expenditure relating to Working for Victoria \$680k. Therefore employee costs, excluding WFV, have increased by \$1.26m in 2021/22. The 2020/21 Forecast includes the impact of COVID-19, whereas the 2021/22 Budget assumes services will remain open, resulting in additional employee costs in BWLC (\$350k), COPACC (\$80k) and the Visitor Information Centres (\$60k). The 2021/22 Budget includes the EBA increase of 2.25% (\$450k). Additional employee costs are required to service increased fully-funded Home Care Packages (\$290k), which has offsetting income as shown within the User Fee analysis. The WorkCover Premium is expected to increase by \$100k.

#### 4.1.8 Materials and services

	Forecast 2020/21	Budget 2021/22	Change	
	\$'000	\$'000	\$'000	%
Contractors	16,038	10,120	(5,918)	(36.9%)
Materials	3,800	4,294	494	13.0%
Subscriptions and memberships	1,721	1,860	139	8.1%
Utilities	1,203	1,290	87	7.2%
Consultants	1,118	939	(179)	(16.0%)
Agency staff	862	712	(151)	(17.5%)
Insurances	521	555	34	6.5%
Training costs	387	432	46	11.8%
Plant and equipment (maintenance & internal charge)	527	327	(201)	(38.1%)
Legal costs	173	146	(27)	(15.6%)
Venue Hire	62	33	(29)	(46.2%)
Other expenditure	15	15	0	-
Permits	4	4	0	-
Merchant Fees	5	3	(2)	(40.0%)
<b>Total materials and services</b>	<b>26,436</b>	<b>20,730</b>	<b>(5,706)</b>	<b>(21.6%)</b>

The budget for materials and services is expected to reduce in 2021/22, largely due to the 2020/21 forecast including projects carried forward from previous years, as well as non-recurrent operational initiatives. These initiatives include \$4.6m contractor costs relating to the City Deals Projects and \$300k for expenses related to the Working For Victoria program; which have offsetting operational grants. The budgeted 'materials' in 2021/22 is expected to increase, largely due to the implementation and distribution of the fourth glass bin to the community (\$450k).

#### 4.1.9 Depreciation

	Forecast 2020/21	Budget 2021/22	Change	
	\$'000	\$'000	\$'000	%
Buildings	1,352	1,139	(213)	(15.7%)
Plant & equipment	2,292	1,932	(361)	(15.7%)
Infrastructure	7,156	6,029	(1,126)	(15.7%)
<b>Total depreciation</b>	<b>10,800</b>	<b>9,100</b>	<b>(1,700)</b>	<b>(15.7%)</b>

#### 4.1.10 Amortisation - Right of use assets

	Forecast 2020/21 \$'000	Budget 2021/22 \$'000	Change	
			\$'000	%
Right of use assets	115	110	(5)	(4.3%)
<b>Total amortisation - right of use assets</b>	<b>115</b>	<b>110</b>	<b>(5)</b>	<b>(4.3%)</b>

#### 4.1.11 Other expenses

	Forecast 2020/21 \$'000	Budget 2021/22 \$'000	Change	
			\$'000	%
Grants and donations paid	785	731	(54)	(6.9%)
Elected Members Allowances	229	234	5	2.0%
Other costs	930	204	(726)	(78.1%)
Fire service levy	65	65	-	-
Auditors remuneration	43	47	4	9.8%
Rates Written Off	35	29	6	(15.9%)
Elected Members Superannuation Contribution	24	24	-	-
Elected Member Mileage Allowance per km	20	20	-	-
Animal registration levy	22	20	(2)	(9.7%)
Royalties and commissions	6	5	(1)	(16.7%)
Interest Payments Interfund	20	5	(15)	(75.0%)
Remote Area Councillor Travel Allowance	3	3	-	-
Corporate Card Expenses	2	2	-	-
<b>Total other expenses</b>	<b>2,184</b>	<b>1,389</b>	<b>(794)</b>	<b>(36.4%)</b>

The budgeted movement predominantly relates to Council setting aside funds in 2020/21, allocated as 'Other costs' (\$664k), for the financial impact of COVID-19 and community support initiatives in response to this Pandemic.

## 4.2 Balance Sheet

### 4.2.1 Assets

Assets remain consistent in 2021/22, with Cash expected to decrease and Property, infrastructure, plant and equipment expected to increase. Property, infrastructure, plant and equipment comprise 95% of Council's total assets and is expected to increase, largely due to the capital works program being greater than depreciation. A 'Right-of-Use' asset to the value of \$638k accounts for existing operating leases, which is offset by 'Lease Liabilities' in the liabilities section of the balance sheet.

### 4.2.2 Liabilities

Liabilities remain consistent in 2021/22, with loan repayments and lease payments expected to reduce Council's overall liabilities. Repayments of \$142k will be made on Interest Bearing Loans in 2021/22, with the final repayment of existing borrowings expected to occur in 2022/23. The lease liabilities of \$653k reflect the existing liability for committed operating lease payments. This is largely offset by a 'Right of Use' asset in the balance sheet.

### 4.2.3 Borrowings

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

	Forecast	Budget
	2020/21	2021/22
	\$'000	\$
Amount borrowed as at 30 June of the prior year	1,024	738
Amount proposed to be borrowed	-	-
Amount projected to be redeemed	(286)	(142)
<b>Amount of borrowings as at 30 June</b>	<b>738</b>	<b>596</b>

### 4.2.4 Leases by category

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

	Forecast	Budget
	2020/21	2021/22
	\$'000	\$
<b>Right-of-use assets</b>	-	-
Plant and equipment	748	638
<b>Total right-of-use assets</b>	<b>748</b>	<b>638</b>
<b>Lease liabilities</b>		
<b>Current lease liabilities</b>		
Plant and equipment	100	100
<b>Total current lease liabilities</b>	<b>100</b>	<b>100</b>
<b>Non-current lease liabilities</b>		
Plant and equipment	663	553
<b>Total non-current lease liabilities</b>	<b>663</b>	<b>553</b>
<b>Total lease liabilities</b>	<b>763</b>	<b>653</b>

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



## 4.3 Statement of changes in Equity

### 4.3.1 Reserves

Reserve Name	Reserve Type	Forecast	Budget
		2020/21 \$'000	2021/22 \$'000
Asset Revaluation Reserve	Discretionary	208,131	208,131
Financial Assistance Grants Received in Advance	Discretionary	3,438	3,498
Waste Management Reserve	Discretionary	2,619	1,615
Landfill Rehabilitation (Alvie) Reserve	Discretionary	1,037	1,094
Long Service Leave Reserve	Discretionary	2,652	2,652
Plant Replacement Reserve	Discretionary	1,296	1,082
Port of Apollo Bay Reserve	Contractual	390	390
Recreational Lands Reserve	Statutory	892	992
Rehabilitation Reserve	Discretionary	1,040	1,048
Water Sensitive Urban Design	Statutory	44	44
Strategic Projects Reserve	Discretionary	602	602
Tirrengower Drainage Scheme Reserve	Contractual	24	24
<b>Total Equity Reserves</b>		<b>222,165</b>	<b>221,172</b>

#### **Purposes for Reserves**

##### **Asset Revaluation Reserve**

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

##### **Financial Assistance Grants received in advance**

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

##### **Waste Management Reserve**

This reserve was set up as a source of funding the replacement of kerbside bins. All funds in this reserve are collected from the waste collection service charge and are to be used only in connection with the waste collection service.

##### **Long Service Leave Reserve**

The purpose of this reserve is to ensure that the nominal long service leave balances owing to employees are maintained.

##### **Landfill Rehabilitation (Alvie) Reserve**

This reserve relates to the funds required to restore the Alvie Tip. The rehabilitation reserve will continue to grow until the Tip closes, at which time, the funds will be utilised to meet this obligation.

##### **Water Sensitive Urban Design**

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

##### **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.

##### **Recreational Lands Reserve**

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

##### **Rehabilitation Reserve**

This reserve is to fund the rehabilitation 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.

##### **Strategic Projects Reserve**

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

##### **Tirrengower Drainage Scheme Reserve**

These funds are collected via a special rate and must be expended against the purpose of the drainage scheme at Tirrengower.

## **4.4 Statement of Cash Flows**

### **4.4.1 Net cash flows provided by/used in operating activities**

There is an increase in cash provided by operating activities, predominantly due to the impact of COVID-19 on 2020/21 operations. The 2021/22 Budget reflects the impact of services remaining open, with Bluewater user fees increasing by \$729k and COPACC fees increasing by \$121k. Receipts from operating grants are expected to decrease, largely due to the 2020/21 forecast containing funding received for the City Deal Project (\$4.6m) and Working For Victoria (\$980k). It is important to note that this funding has associated offsetting outflow of funds from Materials and Services and Employee Costs. The capital programme is budgeted to reduce in 2020/21, with less funding anticipated.

### **4.4.2 Net cash flows provided by/used in investing activities**

The capital programme forecasted for 2020/21 is larger than the 2021/22 budgeted programme, which is reflected in the budgeted decrease in 'Payments for property, infrastructure, plant and equipment.' The 2020/21 capital programme includes carried-forward projects from previous years and fully funded projects delivered as part of the non-recurrent Local Roads and Community Infrastructure Program (\$1.7m).

### **4.4.3 Net cash flows provided by/used in financing activities**

There is a reduction in repayment of borrowings budgeted in 2021/22, due to the final settlement of one loan in 2020/21. The decrease in interest-bearing liabilities has resulted in reduced outflow of finance costs in 2021/22. The repayment of lease liabilities remains consistent, with a reduction in interest paid, reflecting a decreasing lease liability balance.

## 4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2021/22 year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

### 4.5.1 Summary

	Forecast 2020/21 \$'000	Budget 2021/22 \$'000	Change \$'000	%
Property	658	<b>702</b>	44	<b>6.69%</b>
Plant and equipment	2,672	<b>2,188</b>	(485)	<b>-18.13%</b>
Infrastructure	11,016	<b>10,802</b>	(214)	<b>-1.94%</b>
<b>Total</b>	<b>14,346</b>	<b>13,692</b>	<b>(654)</b>	<b>-4.56%</b>

	Project Cost \$'000	Asset expenditure types			Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
Property	<b>702</b>	-	100	602	-	-	702	-
Plant and equipment	<b>2,188</b>	8	2,100	80	-	-	2,188	-
Infrastructure	<b>10,802</b>	110	6,370	4,322	4,691	120	5,991	-
<b>Total</b>	<b>13,692</b>	<b>118</b>	<b>8,570</b>	<b>5,004</b>	<b>4,691</b>	<b>120</b>	<b>8,881</b>	<b>-</b>

The 2020/21 forecast figures include capital works carried forward from previous years. The 2021/22 budgeted Capital Works Program has increase from the 2020/21 Original Budget (\$10.1m), reflective of an anticipated increase in capital grants received. It is expected that 63% of the Capital Works completed will be Renewal Works and 36% will be Upgrade Works.

#### 4.5.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
<b>PROPERTY</b>								
<b>Buildings</b>								
<i>Building Renewal Programme</i>	<b>100</b>	-	100	-	-	-	100	-
<i>Building Upgrade Programme</i>	<b>522</b>	-	-	522	-	-	522	-
<i>Bluewater Heat Pump Upgrade</i>	<b>80</b>	-	-	80	-	-	80	-
<b>TOTAL PROPERTY</b>	<b>702</b>	-	<b>100</b>	<b>602</b>	-	-	<b>702</b>	-
<b>PLANT AND EQUIPMENT</b>								
<b>Plant, Machinery and Equipment</b>								
<i>Annual Heavy Plant Replacement Program</i>	<b>1,340</b>	-	1,340	-	-	-	1,340	-
<i>Annual Light Fleet Replacement Program</i>	<b>760</b>	-	760	-	-	-	760	-
<i>Kerbside compaction litter bins (solar)</i>	<b>8</b>	8	-	-	-	-	8	-
<b>Computers and Telecommunications</b>								
<i>Conference rooms - MS Teams AV Upgrades</i>	<b>80</b>	-	-	80	-	-	80	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>2,188</b>	<b>8</b>	<b>2,100</b>	<b>80</b>	-	-	<b>2,188</b>	-

#### 4.5.2 Current Budget (cont.)

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of Funding Sources			
		New	Renewal	Upgrade	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE								
Roads								
Crack Sealing Program	108	-	108	-	-	-	108	-
Kerb and Channel Renewal Program	80	-	80	-	-	-	80	-
Major Patching Program	195	-	195	-	-	-	195	-
Pascoe St Pedestrian Safety Treatment - Pascoe St. Apollo Bay	30	30	-	-	-	-	30	-
Road Resealing Program	1,200	-	1,200	-	-	-	1,200	-
Sealed Road Reconstruction Renewal Program	2,100	-	2,100	-	1,700	-	400	-
Sealed Road Reconstruction Upgrade Program	200	-	-	200	-	-	200	-
Unsealed Road Reconstruction Program	1,400	-	1,400	-	-	-	1,400	-
Road Safety New Program	30	30	-	-	-	-	30	-
Road Safety Renewal Program 1	100	-	100	-	-	-	100	-
Road Safety Renewal Program 2	270	-	270	-			270	-
Bridges								
Bridge Renewal Program	540	-	540	-	-	-	540	-
Bridge Upgrade Program	900	-	-	900	450	50	400	
Footpaths and Cycleways					-			
Footpath Renewal Program	127	-	127	-	-	-	127	-
Footpath Upgrade Program	105	-	-	105	-	-	105	-
Old Beechy Rail Trail - Colac Station trail safety improvements	140	-	-	140	120	-	20	-
Drainage								
Stormwater Renewal Program	200	-	200	-	-	-	200	-
Stormwater Upgrade Program	150	-	-	150	-	-	150	
Other infrastructure								
Colac Entry Signs	50	50	-	-	-	-	50	-

<i>Cricket Pitch Upgrades (G21 and Cricket Victoria Barwon Regional Cricket Strategy Implementation)</i>	<b>135</b>	-	-	135	90	20	25	-
<i>Open Space Renewal Program</i>	<b>50</b>	-	50	-	-	-	50	-
<i>Community Sport Infrastructure Fund (Sports Lighting Upgrades) 1</i>	<b>2,312</b>	-	-	2,312	2,081	-	231	
<i>Community Sport Infrastructure Fund (Sports Lighting Upgrades) 2</i>	<b>380</b>	-	-	380	250	50	80	
<b>TOTAL INFRASTRUCTURE</b>	<b>10,802</b>	<b>110</b>	<b>6,370</b>	<b>4,322</b>	<b>4,691</b>	<b>120</b>	<b>5,991</b>	<b>-</b>
<b>TOTAL NEW CAPITAL WORKS</b>	<b>13,692</b>	<b>118</b>	<b>8,570</b>	<b>5,004</b>	<b>4,691</b>	<b>120</b>	<b>8,881</b>	<b>-</b>

## 4.6 Summary of Planned Capital Works Expenditure

For the four years ending 30 June 2025

2022/23	Asset Expenditure Types					Funding Sources				
	Total	New	Renewal	Expansion	Upgrade	Total	Grants	Contributions	Council Cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>										
Land	0	0	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0	0	0
<b>Total Land</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	798	0	798	0	0	0	0	0	0	0
<b>Total Buildings</b>	<b>798</b>	<b>0</b>	<b>798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Property</b>	<b>798</b>	<b>0</b>	<b>798</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plant and Equipment</b>										
Plant, machinery and equipment	2,308	0	2,308	0	0	0	0	0	0	0
Fixtures, fittings and furniture	319	0	319	0	0	0	0	0	0	0
Computers and telecommunications	368	0	368	0	0	0	0	0	0	0
<b>Total Plant and Equipment</b>	<b>2,994</b>	<b>0</b>	<b>2,994</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Infrastructure</b>										
Roads	6,841	0	6,841	0	0	13,597	2,318	0	11,279	0
Bridges	659	0	659	0	0	0	0	0	0	0
Footpaths and cycleways	245	0	245	0	0	0	0	0	0	0
Drainage	465	0	465	0	0	0	0	0	0	0
Other infrastructure	1,595	0	1,595	0	0	0	0	0	0	0
<b>Total Infrastructure</b>	<b>9,805</b>	<b>0</b>	<b>9,805</b>	<b>0</b>	<b>0</b>	<b>13,597</b>	<b>2,318</b>	<b>0</b>	<b>11,279</b>	<b>0</b>
<b>Total Capital Works Expenditure</b>	<b>13,597</b>	<b>0</b>	<b>13,597</b>	<b>0</b>	<b>0</b>	<b>13,597</b>	<b>2,318</b>	<b>0</b>	<b>11,279</b>	<b>0</b>

2023/24	Asset Expenditure Types					Funding Sources				
	Total \$'000	New \$'000	Renewal \$'000	Expansion \$'000	Upgrade \$'000	Total \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
<b>Property</b>										
Land	0	0	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0	0	0
<b>Total Land</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	818	0	818	0	0	0	0	0	0	0
<b>Total Buildings</b>	<b>818</b>	<b>0</b>	<b>818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Property</b>	<b>818</b>	<b>0</b>	<b>818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plant and Equipment</b>										
Plant, machinery and equipment	2,366	0	2,366	0	0	0	0	0	0	0
Fixtures, fittings and furniture	327	0	327	0	0	0	0	0	0	0
Computers and telecommunications	377	0	377	0	0	0	0	0	0	0
<b>Total Plant and Equipment</b>	<b>3,069</b>	<b>0</b>	<b>3,069</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Infrastructure</b>										
Roads	7,013	0	7,013	0	0	13,938	2,376	0	11,561	0
Bridges	676	0	676	0	0	0	0	0	0	0
Footpaths and cycleways	251	0	251	0	0	0	0	0	0	0
Drainage	476	0	476	0	0	0	0	0	0	0
Other infrastructure	1,635	0	1,635	0	0	0	0	0	0	0
<b>Total Infrastructure</b>	<b>10,051</b>	<b>0</b>	<b>10,051</b>	<b>0</b>	<b>0</b>	<b>13,938</b>	<b>2,376</b>	<b>0</b>	<b>11,561</b>	<b>0</b>
<b>Total Capital Works Expenditure</b>	<b>13,938</b>	<b>0</b>	<b>13,938</b>	<b>0</b>	<b>0</b>	<b>13,938</b>	<b>2,376</b>	<b>0</b>	<b>11,561</b>	<b>0</b>



2024/25	Asset Expenditure Types					Funding Sources				
	Total \$'000	New \$'000	Renewal \$'000	Expansion \$'000	Upgrade \$'000	Total \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
<b>Property</b>										
Land	0	0	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0	0	0
<b>Total Land</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	838	0	838	0	0	0	0	0	0	0
<b>Total Buildings</b>	<b>838</b>	<b>0</b>	<b>838</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Property</b>	<b>838</b>	<b>0</b>	<b>838</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plant and Equipment</b>										
Plant, machinery and equipment	2,425	0	2,425	0	0	0	0	0	0	0
Fixtures, fittings and furniture	335	0	335	0	0	0	0	0	0	0
Computers and telecommunications	386	0	386	0	0	0	0	0	0	0
<b>Total Plant and Equipment</b>	<b>3,146</b>	<b>0</b>	<b>3,146</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Infrastructure</b>										
Roads	7,188	0	7,188	0	0	14,286	2,436	0	11,850	0
Bridges	693	0	693	0	0	0	0	0	0	0
Footpaths and cycleways	257	0	257	0	0	0	0	0	0	0
Drainage	488	0	488	0	0	0	0	0	0	0
Other infrastructure	1,676	0	1,676	0	0	0	0	0	0	0
<b>Total Infrastructure</b>	<b>10,302</b>	<b>0</b>	<b>10,302</b>	<b>0</b>	<b>0</b>	<b>14,286</b>	<b>2,436</b>	<b>0</b>	<b>11,850</b>	<b>0</b>
<b>Total Capital Works Expenditure</b>	<b>14,286</b>	<b>0</b>	<b>14,286</b>	<b>0</b>	<b>0</b>	<b>14,286</b>	<b>2,436</b>	<b>0</b>	<b>11,850</b>	<b>0</b>

## 5. Financial performance indicators

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

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

Indicator	Measure	Notes	Actual 2019/20	Forecast 2020/21	Budget 2021/22	Projections			Trend
						2022/23	2023/24	2024/25	+/-
<b>Operating position</b>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-3.5%	-4.5%	0.3%	0.9%	0.3%	-0.6%	o
<b>Liquidity</b>									
Working Capital	Current assets / current liabilities	2	178.4%	159.7%	145.1%	118.3%	77.9%	31.3%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	104.9%	116.3%	101.8%	91.3%	51.0%	4.6%	-
<b>Obligations</b>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	3.3%	2.3%	1.8%	0.0%	0.0%	0.0%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		5.7%	1.1%	0.6%	1.9%	0.0%	0.0%	+
Indebtedness	Non-current liabilities / own source revenue		27.1%	26.4%	23.6%	19.2%	18.2%	17.3%	+
Asset renewal	Asset renewal and upgrade expense / Asset depreciation	5	108.8%	128.1%	151.0%	147.8%	149.9%	152.0%	+
<b>Stability</b>									
Rates concentration	Rate revenue / adjusted underlying revenue	6	58.4%	54.8%	61.5%	61.0%	61.0%	60.8%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	o
<b>Efficiency</b>									
Expenditure level	Total expenses/ no. of property assessments		\$3,609	\$3,923	\$3,396	\$3,394	\$3,476	\$3,577	o
Revenue level	Total rate revenue / no. of property assessments		\$1,811	\$1,832	\$1,859	\$1,884	\$1,918	\$1,952	+

### Key to Forecast Trend:

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

## Notes to indicators

### 1. Adjusted underlying result

This measure is an indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. The results are showing an underlying surplus results of less than 1% in 2021/22, 2022/23 and 2023/24, with an underlying deficit in 2024/25. This deficit indicates the erosion of Council's ability to generate 'own-sourced' revenue.. I.e. As a proportion of total revenue Council is generating less revenue from sources it can control, increasing its reliance on funding from external sources such as grant funding. This is not considered to be sustainable in the medium to long term, however adjusted underlying deficits are sustainable in the short term, providing other indicators remain healthy.

Council are currently undertaking a review of its Long Term Financial Plan, which will require Council to critically review service types and levels to ensure they are sustainable into the future. The Long Term Financial Plan is a requirement of the Local Government Act 2020.

### 2. Working Capital

This indicator decreases over the projected period primarily due to the forecasted impacts of rate capping, which limits Council's ability to deliver services to the same level. It must be noted that the projections have largely been developed on a 'Business as Usual' basis.

### 3. Unrestricted Cash

This shows a decrease in the available unrestricted cash for the council. This is due to the reduction of cash and cash equivalents over the period. This trend is consistent and reflective of the adjusted underlying result and working capital.

### 4. Debt compared to rates

The steep decrease in this ratio reflects the effect of continuing payback and maturity of debt without any forecast new borrowings.

### 5. Asset renewal

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

Council has a history of this indicators being above 100%. The increase in 2021/22 has primarily resulted from a reduction in depreciation rates as a result of a depreciation review conducted in 2020/21. The review concluded that depreciation rates were too high. The depreciation expense will decrease from \$10.8m in the 2020/21 forecast to \$9.1m in 2021/22.

### 6. Rates concentration

This indicator shows a relatively consistent trend for the projected period reflecting Colac Otway Shire's reliance on rate revenues (as a proportion of total revenue) to fund all of Council's on-going services. Rates remain an important source of revenue for Council. This indicator is consistent with the Large Rural Council cohort in Victoria.