



Colac Otway
SHIRE

ANNUAL REPORT

2019-2020



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The Colac Otway Shire proudly acknowledges the Gulidjan and Gadubanud peoples as the traditional custodians of the Colac Otway Region.

We acknowledge that the activities of the Colac Otway Shire referenced in this Annual Report are conducted upon lands of the Gulidjan and Gadubanud people.

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

CONTACTING COUNCIL

CONTACT COLAC OTWAY SHIRE

PO Box 283, Colac 3250

E: inq@colacotway.vic.gov.au

T: 03 5232 9400

W: www.colacotway.vic.gov.au

For callers who have a hearing, speech or communication impairment, and for text telephone or modem callers, use our National Relay Service on 133 677

COUNCIL CENTRES

Colac Service Centre

2-6 Rae Street, Colac

Open: Monday - Friday 8:30am - 5pm

Apollo Bay Service Centre

100 Great Ocean Road, Apollo Bay

Open: 7-days a week, 9am - 5pm

Colac Otway Performing Arts & Cultural Centre (COPACC)

95-97 Gellibrand Street, Colac

T: 5232 9418

E: copacc@colacotway.vic.gov.au

W: www.copacc.com.au

Open: Monday to Friday, 9am until 5pm (except public holidays)

Bluewater Leisure Centre

118-134 Hearn Street, Colac

T: 5232 9551

E: bluewater@colacotway.vic.gov.au

W: www.bluewater.org.au

Open: 7-days per week (check website for current hours)

Gymnasium open 24/7



Great Ocean Road Visitor Information Centre (GORVIC)

100 Great Ocean Road, Apollo Bay

T: 5237 6529 or 1300 689 297

E: gorvic@colacotway.vic.gov.au

Open: 7-days a week, 9am - 5pm



Colac Visitor Information Centre

95-97 Gellibrand Street, Colac

T: 1300 OTWAYS (689 297)

E: colacvic@colacotway.vic.gov.au

Open: Mon - Thurs: 9am - 3pm, Fri: 9am - 5pm,

Sat: 9am - 3pm, Sun: 10am - 2pm

Colac Maternal Child Health Centre

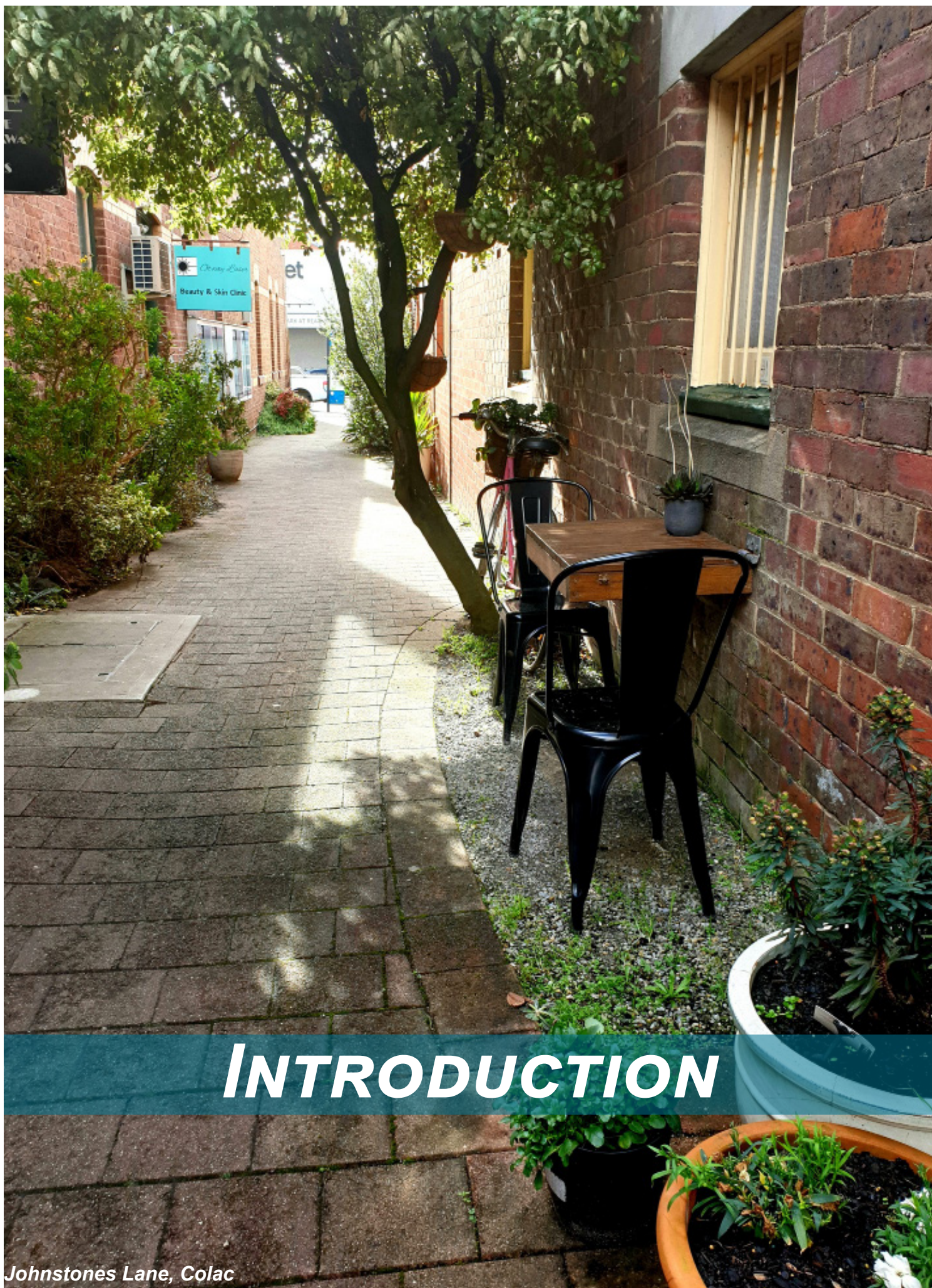
49 Queen Street, Colac

T: 5232 9570

E: inq@colacotway.vic.gov.au

Open: Monday - Friday 9.00am - 4.30pm

(Contact Colac Centre for MCH Outreach Centre hours)



INTRODUCTION

Johnstones Lane, Colac

WELCOME

Welcome to Colac Otway Shire Council's Annual Report for 2019-2020.

Our report documents Council's performance during 2019/20 against the Council Plan and the 2019/20 Budget.

Council is committed to transparent reporting and accountability to the community. The report of operations is the primary means of advising the Colac Otway community about Council's operations and performance during the year.

The report serves as an important document that will provide 'point in time' information about Council and the community for readers of the future.

This document also provides the opportunity to celebrate the achievements of Council, Council staff and the community over the course of the year.

FEEDBACK

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

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

Chief Executive
PO Box 283
Colac Vic 3250



Strategic Vision

'Towards a prosperous future'

Values

Council will achieve its Vision by acting with:

Respect
Integrity
Goodwill
Honesty
Trust

Strategic Direction

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

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

Theme 1 - Our Prosperity

Theme 2 - Our Places

Theme 3 - Our Community

Theme 4 - Our Leadership & Management

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

LOCATION, HISTORY & PROFILE

OUR LOCATION

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

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

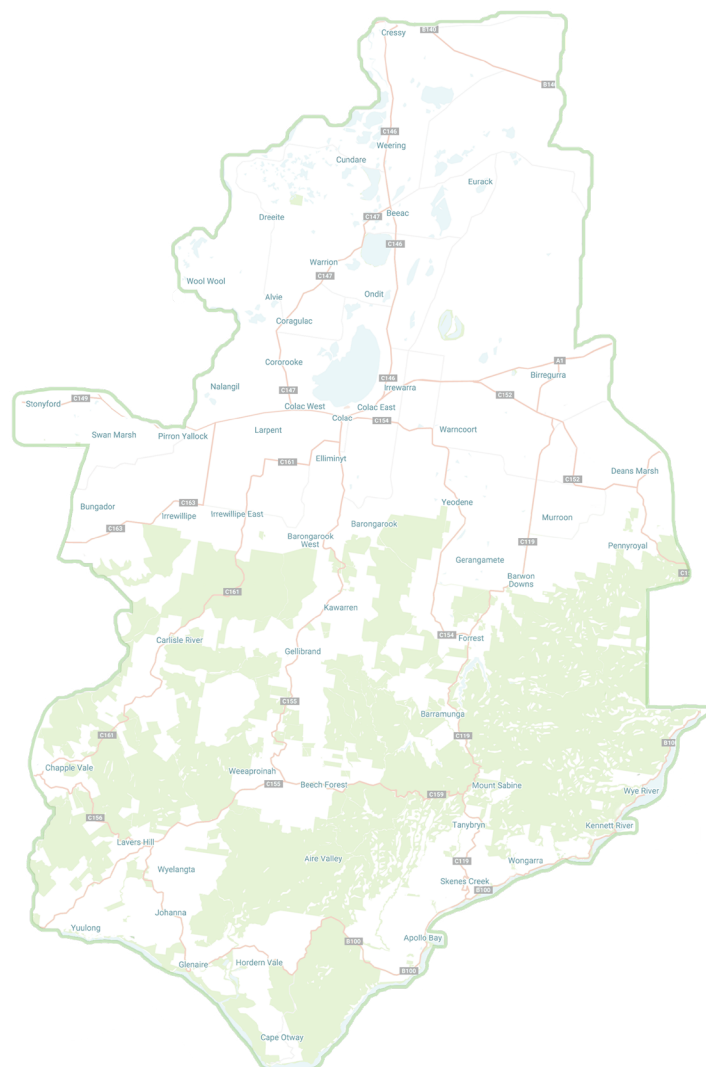
The shire has two main townships: Colac, the largest and the major service town where most community support and health services, retail trade and manufacturing businesses are located; and Apollo Bay, which serves as the major tourism centre. Dotted throughout the shire are many small historic towns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

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

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

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

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



Our landscape is made up of:

3,433 square kilometres
1,622 kilometres of Local Roads
562 kilometres of Sealed Roads
1,064 kilometres of Unsealed Roads
95 kilometres of Coastline
110,000 hectares of forest and National Park

LOCATION, HISTORY & PROFILE

OUR HISTORY

Before European arrival in the district, Colac was known as “Kolak” or “Kolakgnat” which means “belonging to sand” to the Gulidjan people. The Gadubanud people occupied the rainforest, estuaries, grass and wetlands and coastline of the Otways¹. Lake Colac, the volcanic plains and the Otways provided a rich and diverse food supply, including drinkable water from Lake Colac in the south-east and the Woady Yaloak River to the north². Ownership and custodianship of these areas span thousands of years and is still present today.

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

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

Colac Otway Shire came into being in 1994 as a result of enforced Local Government amalgamations. The former City of Colac, Shire of Colac and Shire of Otway were amalgamated. This also included parts of the Shire of Heytesbury and Winchelsea³.

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

OUR COMMUNITY

Our resident population is estimated at 21,564 as at 30 June 2020. Approximately 83.2% of the Shire’s residents were born in Australia and of those born overseas, only 4.2% came from non-English speaking.

The forecast through to 2041 is for growth of 23.39%⁴. This significant increase is expected due to the completion of the dual highway to Geelong. The duplication opens up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change.

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

EMPLOYMENT

The following five major industry sectors make up 56.5% of the employed resident population:



Manufacturing - 1,291 persons or 13.5%



Healthcare & Social Assistance - 1,209 persons or 12.7%



Agriculture, Forestry & Fishing - 1,191 persons or 12.5%



Retail Trade - 872 persons or 9.1%



Tourism - 835 persons or 8.7%

The overall employment rate in Colac Otway Shire is 96%.

Our community is made up of:

- 5.6% of 0-4 year olds
- 17.7% of 5-19 year olds
- 16.4% of 20-34 year olds
- 18.1% of 35-49 year olds
- 20.8% of 50-65 year olds
- 20.4% of 65+ year olds
- 1.2% of Aboriginal & Torres Strait Islanders
- 9% of the population was born overseas

Our population growth rate is currently 0.29%

¹ Aboriginal History Volume 33 - Lawrence Niewojt

² Aboriginal settlement of the saline lake and volcanic landscapes of Corangamite Basin, western Victoria - Ian J McNiven

³ Colac & District Historical Society 2018 - <<http://colachistoricalsociety.org.au/history.php>>

⁴ Australian Bureau of Statistics Census 2016 - id Consulting, Melbourne 2018.



THE YEAR IN REVIEW

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FAST FACTS ABOUT OUR SERVICES

7,567 INCOMING CALLS VISITOR INFORMATION CENTRE	320KG HOUSEHOLD WASTE TO LANDFILL	236 BIRTH NOTIFICATIONS RECEIVED
77,576 WALK-INS VISITOR INFORMAITON CENTRE	124.5 TONNES CARBON EMISSIONS REDUCED	3,171 MATERNAL CHILD HEALTH CONSULTATIONS
8,353 LOCAL DEVELOPMENT BUSINESS FORUM ATTENDEES	2,150 TREES, GRASSES, LILLIES & SHRUBS PLANTED	1,265 CATS REGISTERED
23,947 ANIMALS THROUGH COLAC REGIONAL SALEYARDS	185 CHILDREN PARTICIPATED IN ENVIRONMENTAL ACTIVITIES	4,848 DOGS REGISTERED
81KM UNSEALED ROADS RENEWED	25KM TREES TRIMMED ON RURAL ROADS	90% ANIMALS RETURNED TO OWNERS OR REHOMED
1,723KM FOOTPATHS RECONSTRUCTED	93,141 BLUEWATER MEMBER VISITS	4,597 COMMUNITY TRANSPORT HOURS
21 EXTERNAL COPACC EVENTS WITH 6,000 ATTENDEES	1,118 BLUEWATER NEW MEMBERSHIPS	97 PROPERTIES MAPPED
17 COPACC EXHIBITIONS WITH 2,500 ATTENDEES	18,423 BLUEWATER CASUAL VISITS	2,115 PENSION REBATES ON PROPERTY RATES
3,200 ATTENDEES AT COPACC PRODUCED SHOWS	15,613 HOME CARE HOURS	15,535 RATEABLE PROPERTIES
371 PLANNING PERMIT APPLICATIONS RECEIVED	5,173 MEALS ON WHEELS DELIVERED	1,240 LAND INFORMATION CERTIFICATES ISSUED
3,119 TONNES ORGANIC WASTE DIVERTED FROM LANDFILL	2,140 IMMUNISATIONS PERFORMED	235,461 RECORDS CREATED OR REGISTERED IN ORGANISATION
	324 FOOD SAFETY INSPECTIONS	21,935 CORRESPONDENCE RECEIVED BY COUNCILS INQ EMAIL

CHIEF EXECUTIVE REPORT



Colac Otway Shire Council responded to unprecedented challenges in 2019/20: a year which began with a recycling crisis and ended with a state of emergency and the impact of a global pandemic just starting to be realised.

Along with these challenges, this financial year also provided significant highlights for the shire community, including progress on designs and preliminary planning for City Deal projects on the coast which will provide a much-needed economic stimulus for Colac Otway's coastal communities and a long-term boost for tourism.

Council adopted its Colac 2050 Growth Plan to guide the strategic development of new housing, associated infrastructure and open space in August 2019 and is awaiting State Government approval.

The resolution of two significant legal proceedings for Colac Otway Shire Council, including the long-standing Bluewater redevelopment dispute, were reached in the first quarter. Colac Otway Shire Council was found not guilty in a WorkSafe case relating to the death of employee, the late Owen James, which had been difficult for the family and friends of Mr James and Council staff and management.

Council developed a Grey-Headed Flying Fox Management Plan and received State Government permission in September to disperse a colony of Grey-headed Flying Foxes which had been roosting at Colac Botanic Gardens and impacting the health of heritage trees and the amenity of the area. The Flying Foxes relocated before the temporary permit could be enacted and Council has a second application lodged with DELWP.

Entering the final 12 months for the current Council, Cr Jason Schram was re-elected Mayor for a second term in November, and Cr Joe McCracken accepted a second term as Deputy Mayor.

Colac Otway Shire welcomed the completion of the Princes Highway Duplication, delivering a dual highway between Colac and Melbourne and a highly anticipated confidence boost for investors.

Increased investor inquiries, new developments and the planned expansion of existing businesses demonstrate the importance of the dual highway connection to the shire's population and economic growth.

Among major events in 2019/20, Council hosted its second AFL pre-season match at Colac's Central Reserve which attracted over 7,500 spectators and the praise of the AFL.

The Marsh Community Series game between Geelong and Essendon was less than two weeks before Australia closed its borders and introduced physical distancing to reduce the spread of COVID-19.

Although Colac Otway Shire recorded no COVID-19 cases in the 2019/20 financial year, businesses, community and Council were significantly impacted by the pandemic.

The shire's rock lobster industry, was the first to feel the impact of the virus through restrictions on overseas trade over summer, with hospitality and tourism-based businesses the next industries hard-hit by the COVID-19 situation.

Colac Otway Shire enacted emergency response plans to ensure Council services could continue to be delivered in the COVID-19 environment, with a focus on additional business support, and aged and community care.

Council closed Visitor Information Centres and Council offices in Colac and Apollo Bay, COPACC, and Bluewater's pool, gymnasium and stadium, in accordance with State Government advice.

Staff were initially stood down, and casuals and volunteers stopped receiving shifts, however the State Government's Working for Victoria grants program enabled Council to redeploy staff into valuable roles in operations unaffected by restrictions.

Council went back to the table with its 2020/21 Budget planning in the fourth quarter to be able to incorporate a \$950,000 COVID-19 Business and Community Support Package, providing fees and charges relief for businesses, business diversification grants and community funding to boost spirits and the economy.

Key infrastructure projects across the shire were delivered in 2019/20 including the widening and sealing of tourist-logging industry link, Binns Road, and redevelopment of Colac's Western Oval.

Projects were also delayed following unanticipated issues, with additional costs to Council, including the redevelopment of Winifred Nance Kindergarten and Colac Central Reserve Netball Courts, and the introduction of a new two-way radio system.

A comprehensive review of Council's approach to project management, and consideration of specific challenges which have caused these delays will be a major focus in 2020/21.

Managing the rapidly changing COVID-19 situation and operational uncertainty during the last quarter of 2019/20 has placed significant pressure on business, the community and Council as an organisation.

CHIEF EXECUTIVE REPORT

Colac Otway Shire Council is proud of the strong leadership it has maintained throughout the pandemic, and is confident of maintaining an adaptable and considered approach to support the community through the recovery and rebuilding phase.

HIGHLIGHTS

- Completion of Apollo Bay Harbour Dredging Project – securing the economic viability of the Port.
- Colac Otway Shire hosted AFL Marsh Community Series Match with 7,598 in attendance, streamed live internationally.
- Colac 2050 Growth Plan Adoption.
- Funding secured for the kindergarten component of an Early Years Hub for Apollo Bay & a major enhancement of the Forrest Mountain Bike Trail.
- Design work underway and project team established for City Deal Projects in Apollo Bay, Kennett River and Skenes Creek.
- Colac Otway partners with Barwon Water, Australian Lamb Company, Bulla Dairy Foods, and other Councils in the G21 region to launch a Renewable Organics Network, which will turn organic waste from ALC and Bulla into renewable energy, hot water and soil enhancers for agricultural purposes.
- Solar systems installed on Colac Otway Shire's Pound Road Depot and Colac Library building, as Council nears its zero carbon emissions target.
- No recyclable material went to landfill during the SKM recycling crisis, with Colac Otway Shire able to secure alternative arrangements without impacting ratepayers.
- Relocation of Council's Apollo Bay Customer Service Centre to GORVIC.

PERFORMANCE AGAINST COUNCIL PLAN

Our Prosperity:

- Council's Economic Development Strategy played a key role in attracting development and business throughout the year, with the Economic Development Department and Planning Department, through the introduction of Better Approvals process and planning overlay reviews, delivering a streamlined approach for businesses and development.
- Planning permits have been approved for the Whipper Snapper Whiskey Distillery, an Otways retreat for Clarendon College, 7-Eleven service station and specialty shops, residential developments, redevelopment of Apollo Bay's Caltex Service Station, expansion of Colac's Aldi and Bunnings stores.

Our Places:

- Stage one & two of Binns Road upgrade complete.
- Apollo Bay Harbour Boat Trailer Park redevelopment complete.
- Funding secured through the Department of Justice towards solar street lighting along Queen Street, Colac. (Project completion 2020/21).
- Funding secured towards Colac Aerodrome upgrades to enable expansion (Project completion 2020/21).
- Neighbourhood Safer Places established before summer at Barwon Downs and Beech Forest, taking the total number of NSPs in the shire to nine.
- Solar compaction bins, previously trialled in Apollo Bay, rolled out across the shire including Lavers Hill, Gellibrand, Beech Forest and Colac's Memorial Square to monitor waste levels, avoid waste overflowing at peak holiday times and improve the shire's amenity.
- New temporary toilet facilities for Apollo Bay (Pascoe Street) and Kennett River.

Our Community:

- Colac Makers' Space open its doors in October 2019 after Colac Otway Shire completed a refurbishment of the former library annexe for use as a dedicated community arts base.
- Colac's Western Oval redevelopment and lighting upgrade completed.
- COPACC presents its seventh CrossXpollination fibre and textile art exhibition.
- Seventy-six community organisations, clubs, event organisers and businesses across Colac Otway Shire shared in \$296,706 through Council's 2019/20 grants program.
- Colac's Bluewater Gymnasium Upgrade (Project completed).
- Winifred Nance Kindergarten Redevelopment (Project completed).
- Establishment of Colac Otway Shire COVID-19 Support Hotline for local access to food and essential services during isolation & quarantine.

Our Leadership & Management:

- Colac Otway Shire's ongoing digital transformation has included a website upgrade and the development of more easy-to-use online forms to improve access to Council services and;
- Communication has been expanded through all platforms, from community newsletters to social media, during 2019/20. Colac Otway joined forces with major employers to promote their industries and attract workers.

CHIEF EXECUTIVE REPORT

Our Leadership & Management (cont):

- The introduction of the new Local Government Act and changes to statutory requirements requires significant resourcing and policy development, with initial deadlines for the development of some mandatory policies set for September.
- Council's advocacy for the establishment of a Great Ocean Road Authority fails to attract a head office but delivers a district office for Apollo Bay.
- Strong advocacy for State and Federal funding for Council and community projects continues, along with advocacy for recognition of Princes Highway West as a Highway of National Significance.
- Departmental reviews are ongoing, while an organisational structure review and a review of the organisation's values nears completion.

FINANCIAL PERFORMANCE

At 30 June 2020, council's financial position remains stable, including:

- \$356 million of community assets under council's stewardship;
- Current assets of \$20.3 million, including a cash balance of \$16.2 million.
- Current liabilities of \$11.4 million.
- Statutory and non-statutory reserve commitments totalling \$14.1 million (excluding long service leave included in current liabilities).
- Council further reduced its level of borrowings by \$1.7 million to total \$1.02 million at year end.

After removing the impact of COVID-19 and the timing differences relating to initiatives, capital grants, etc. the 2019/20 results show that Council achieved the budgeted operating revenue and expenditure for the year.

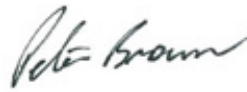
The impact of lost revenue and additional costs associated with managing the COVID-19 pandemic has been provided for in the 2020/21 budget. Due to Council's low cash reserves the response to the COVID-19 pandemic is limited and largely funded by a one-off reduction in asset renewal and other projects.

Despite the pressures that inflation, additional funded services and Council's enterprise agreement places on the increase cost of goods, services and wages, Council was successful in limiting the overall increase costs of materials and services and employee costs in 2019/20 to 1.87% and 1.96% respectively. The limiting of employee costs was achieved with a reduction in staff numbers.

Colac Otway's four-year budget through to 30 June 2024 identifies several performance indicators in decline and, like other municipalities, Council is yet to fully understand the significant impact of the COVID-19 pandemic on Council operations and the community's ability to recover.

While there has been a significant focus on reducing costs, without impacting service, over the last few years it is evident that the cost of funding existing service levels continues to increase at a greater rate than Council's revenue. Delivering an average rate increase less than the State Government cap for the fourth consecutive year in 2020/21, has continued to reduce Council's revenue base now and into the future.

This is an issue the newly elected Council will need to consider when adopting a long term financial plan in 2021.



Peter Brown
Colac Otway Shire Chief Executive Officer

FINANCIAL SUMMARY

FINANCIAL SUMMARY

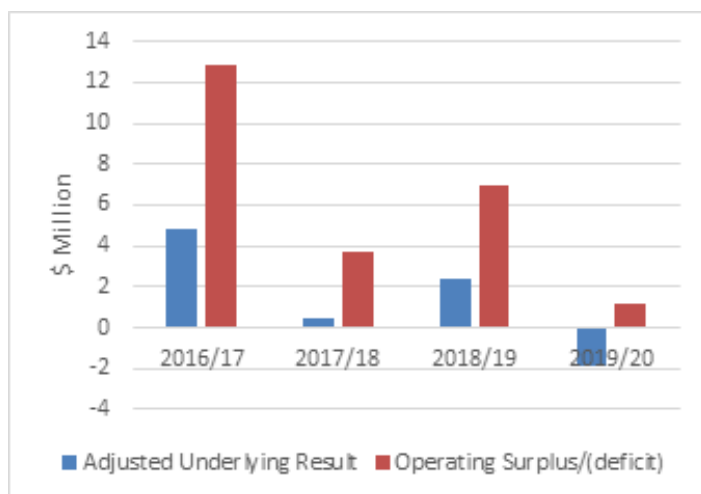
The purpose of the Annual Report is to convey the performance of Council for the 2019/20 financial year. From a finance perspective, it is important to consider this Annual Report in conjunction with the Council Plan, incorporating Council's Strategic Resource Plan, which focuses on the longer term objectives of Council. This document can be found on Council's website at colacotway.vic.gov.au.

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

Operating position

Council achieved a surplus of \$1.17 million in 2019/20, which is a decrease of \$5.8 million from 2018/19 and \$187k unfavourable to the original budget. As per Note 1 in the Financial Statements, the unfavourable variance to budget is primarily due to \$4 million of additional Materials and Services expenditure (increase of 1.87% compared to 2018/19) and \$1.1 million of additional employee benefits (increase of 1.96% compared to 2018/19). This increased expenditure is partially offset by an additional \$0.7 million of non-monetary contributions and an additional \$3.7 million of unbudgeted grants. \$1.9 million of this unbudgeted funding related to additional funding for the management of Port of Apollo Bay.

The adjusted underlying result of council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a deficit of \$1.91m. In future years Council will be planning to achieve an adjusted underlying surplus, as this is a critical financial strategy that provides capacity to renew the \$356 million of community assets under council's control.

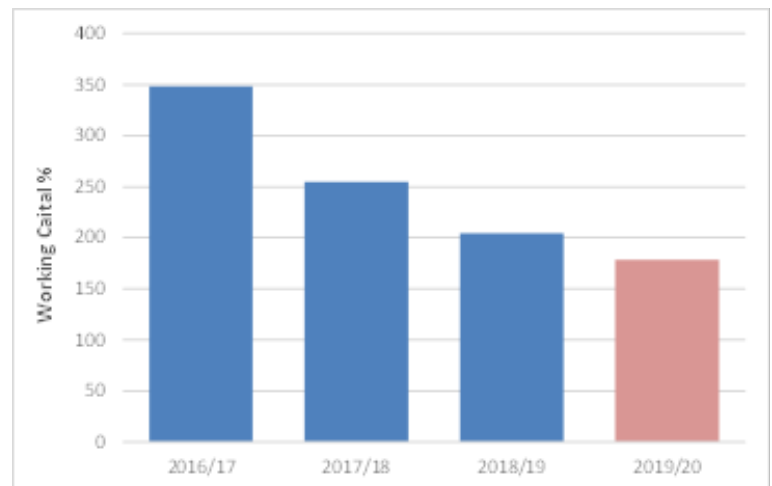


Liquidity

Cash has decreased by \$4.3 million from the prior year primarily due to funding 100% (\$14.89m) of the capital works program from operating cash and cash reserves.

No additional loans and borrowings were undertaken in 2019/20 and \$1.7 million of existing loans and borrowings were repaid which further reduced Council's cash balance.

The working capital ratio which assesses council's ability to meet current commitments is calculated by measuring council's current assets as a percentage of current liabilities. Council's result of 178% is an indicator of satisfactory financial position and within Local Government Victorians expected target band of 100% to 400%. However, it should be noted that this indicator continues to decline.

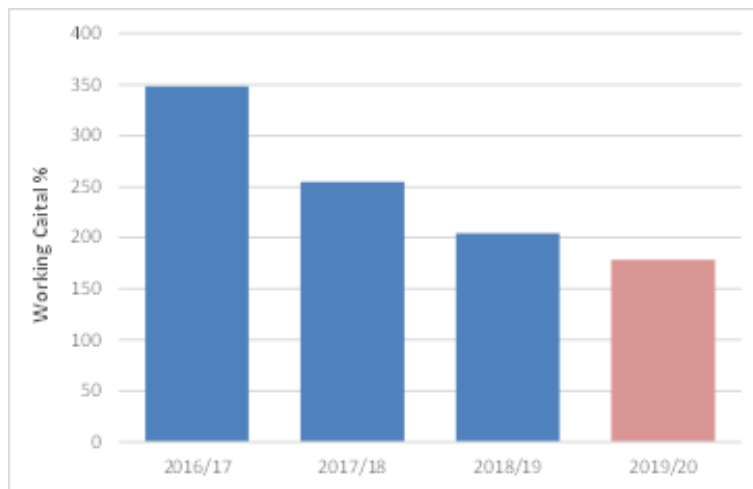


FINANCIAL SUMMARY

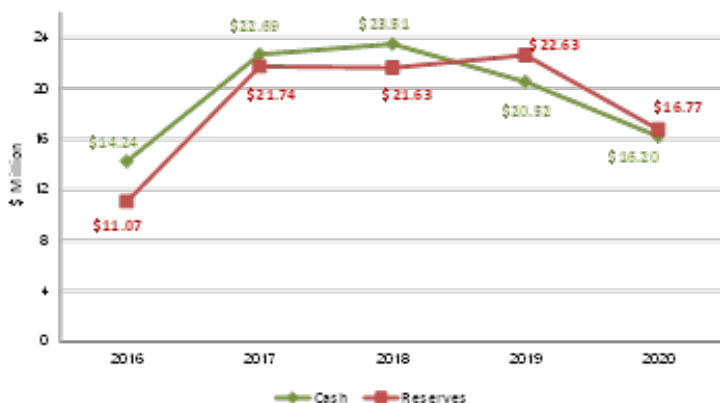
Obligations

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, council invested \$11.2 million in renewal works during the 2019/20 year. This was funded from operations and cash reserves.

At the end of the 2019/20 year, council's debt ratio which is measured by comparing interest bearing loans and borrowings to rate revenue was 3.27%, which is well below Council's maximum threshold of 20%. This ratio has decreased primarily due to \$1.7 million being repaid from existing loans and borrowings in 2019/20.

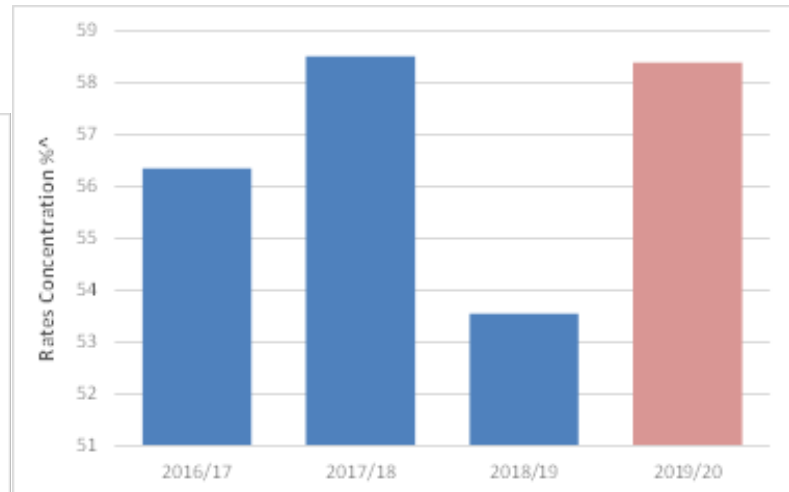


Council also has a policy to establish cash reserves to meet specific future obligations. At 30 June 2020 Council's established reserves totalled \$16.8m (refer Note 9.1 of Financial Statements), which exceeds Council's cash balance by \$0.6m. This means that for the second consecutive year, some of Council's reserves will not be 'cash backed', until Council can take steps to increase its cash balance.



Stability

Council raises a wide range of revenues including rates, user fees, grants and contributions. Council's rates concentration which compares rate revenue to adjusted underlying revenue was 58.39% for the 2019/20 year which has increased from 2018/19 primarily due to the high level of grant funding received in 2018/19. A rate concentration ratio of approximately 60% is widely considered a healthy balance of not being over reliant on external funding to remain sustainable.



Further information on Council's performance can be found on the knowyourcouncil.vic.gov.au website.

Jason Clissold

Jason Clissold
Colac Otway Shire Manager Financial Services

MAJOR CAPITAL PROJECTS

Council undertook a wide range of capital projects across the 2019/20 financial year, involving renewal of our existing assets as well as upgraded and new infrastructure that directly improved facilities for our community and visitors.

Capital infrastructure projects, totalling over \$14.8 million, were delivered across the shire in 2019/20. Although COVID-19 and some project specific issues have presented substantial challenges to project delivery, a result of 90% delivery of the program was achieved.

HIGHLIGHTS

A snapshot of key community infrastructure projects delivered included:

Sealed Road Reconstruction

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

- Binns Road (completion of stage 1, and stage 2)
- Weering School Road
- Collins Road
- Drapers Road
- Conns Lane

Recreation Projects

A number of improvements were made to recreation reserves and facilities in Colac with the help of State Government funding. Competition level lighting was installed at Colac's Central Reserve, which will improve night training for the Colac Tigers, and also enable night competition opportunities.

Western Reserve received a full oval redevelopment including new lighting, an automatic irrigation system, new drainage and turf following a successful \$500,000 State Government Female Friendly Facility grant and funding from the AFL. The improvements will support the growth of women's football in Colac and district.

Binns Road, Beech Forest

Council, with the help of State and Federal Government funding, completed the sealing and widening of 5.8 kilometres of this popular tourist road, all the way from Beech Forest to the Californian Redwoods. The project has greatly improved the safety of the road, which is shared by log trucks and other heavy vehicles, locals and an increasing number of tourists visiting waterfalls and other attractions such as the Otway Fly and Californian Redwoods.

CAPITAL PROJECTS STATISTICS 2019/20

134 bridges and major culverts maintained
133km of footpaths
136 buildings

CHALLENGES

Despite an excellent result of 90% delivery of the capital works program, COVID-19 has placed additional pressure on the ability to deliver projects and other services efficiently. Contractors and consultants are generally taking longer to complete work and the delivery and fabrication of materials is slower. Communications and day to day operations have been hampered by restrictions and remote working. These pressures are continually monitored and will likely impact project delivery into the coming financial year.

Some unfortunate challenges were experienced on some projects, leading to an increase in costs and time delays, such as, the discovery of unsuitable ground conditions at Central Reserve during the construction of the netball courts, requiring excavation and reconstruction of the sub-surface up to 1.5 metres deep. The replacement of the Forest Street Bridge in Colac has also been substantially delayed by authority approval processes.

FUTURE OUTLOOK

The *Local Government Act 2020* requires Asset Plans to be completed by June 2022. Although substantial work has been undertaken over 2018-2020 to plan for Council's building and transportation assets to inform the long term financial plan, further work is required to complete open space and stormwater asset planning and will require a funding commitment to ensure service levels are developed in consultation with the community.

Council has a number of ageing bridge assets that are reaching the end of their asset life and require replacement or repair. Some of these bridges service a single or only two property owners, however the cost of the replacement can be up to \$900,000. A strategic assessment of these bridges is required to identify options to address this issue.



SUSTAINABILITY REPORT

The 2019/20 financial year was a very successful one for emissions reduction activities at Colac Otway Shire. Corporate greenhouse gas emissions (CO₂-e) fell by 7% compared to 2018/19, and importantly have fallen by 36% since the carbon neutral target was first set in 2010.

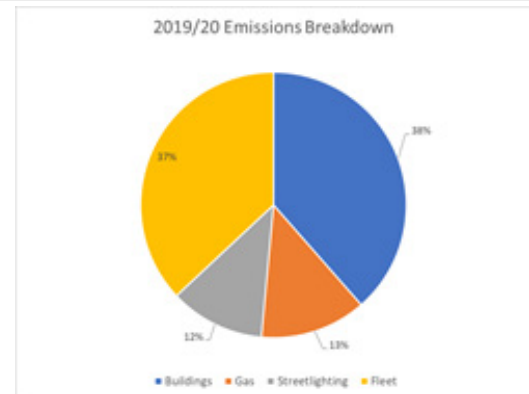
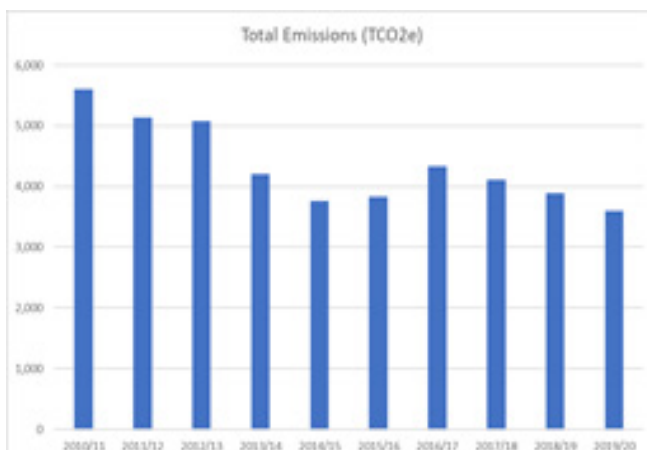
An ongoing commitment from Council to reduce the organisation's overall carbon footprint, along with a State Government grant facilitating several large energy efficiency projects, have seen the implementation of some large-scale energy efficiency projects at key facilities across the shire. Council now has a total of 275kW solar generation capacity, providing around 350,000 kWh of clean emissions-free electricity per annum, producing activity at many COS facilities throughout the shire.

COVID-19 has also had a noticeable impact on emissions, largely during quarter four when most staff were required to work from home, leading to reduced activity at many COS facilities throughout the shire.

Organisational emissions figures over the last ten years:

Year	Buildings	Gas	Lighting	Fleet	TOTAL
2010/11	1,999	311	1,181	2,114	5,605
2011/12	1,916	290	1,202	1,727	5,135
2012/13	1,879	323	1,182	1,698	5,082
2013/14	1,484	186	1,014	1,523	4,207
2014/15	1,356	3	872	1,530	3,761
2015/16	1,846	282	436	1,269	3,833
2016/17	1,881	478	412	1,560	4,331
2017/18	1,887	488	406	1,329	4,110
2018/19	1,747	470	406	1,263	3,886
2019/20	1,389	466	417	1,333	3,605

It should be noted that historical emissions figures have been updated following a comprehensive review of all utility accounts by our external environmental scorekeeper, Azility, facilitating greater consistency and accuracy of reported data.



Buildings

Council buildings contributed 1,389 TCO₂-e in the 2019/20 year, a decline of 20% on the previous year, largely due to the impact of solar installations and energy efficiency improvements, coupled with COVID-19 shutdowns.

Upgrades to Council facilities were co-funded by COS and Sustainability Victoria through the Local Government Energy Saver (LGES) program. Upgrades included two new Heating, Ventilation and Air Conditioning (HVAC) units at COPACC, optimisation of the Building Management System (BMS), which controls automated building functions throughout the Rae Street precinct and Bluewater, LED lighting retrofit throughout most of Council's primary facilities, as well as 30kW solar systems at Colac Library and Pound Rd Depot.

These energy efficiency improvements and upgrades will save Council a total of \$44,000 per year in avoided electricity costs, and prevent 280 tonnes of greenhouse gases (CO₂-e) from entering the atmosphere annually.

Streetlights

Streetlight emissions rose by 3% in 2019/0, largely due to network expansion as a result of the Princes Highway duplication between Winchelsea and Colac. Around 64 new LED streetlights were progressively installed along the highway, all of which are cost-shared with the Department of Transport.

Fleet

There was an overall increase of 6% in fleet emissions during 2019/20. Despite a reduction in the use of unleaded fuel, there was a significant increase in diesel use from additional fleet utility vehicles and heavy plant, as well as increased dredging of the harbour at Apollo Bay.

Water

Water use in the Shire has overall decreased by 2% compared to last year, mainly due to slightly higher annual rainfall, hence reduced need for watering.

The adjacent table shows total water usage for Council facilities (kL):

2011/12	95,498
2012/13	104,735
2013/14	99,908
2014/15	86,740
2015/16	93,900
2016/17	80,867
2017/18	92,787
2018/19	92,935
2019/20	91,058

SUSTAINABILITY REPORT

CORPORATE SUSTAINABILITY INITIATIVES

COS Greener Offices Program

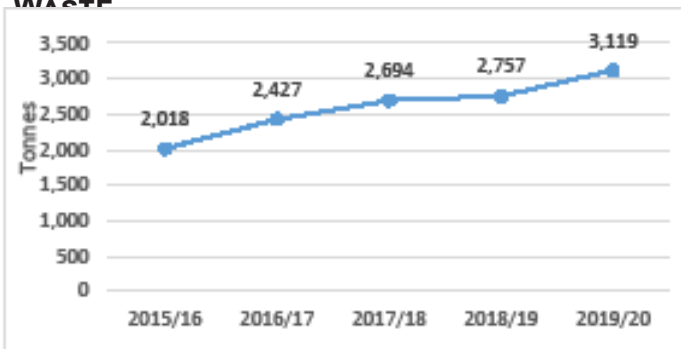
The Environment Unit in partnership with Council's Staff Health and Wellbeing Team, introduced an office greening initiative to all council offices and facilities, supplying live indoor plants to shared staff spaces and individual work stations. Plants in indoor office environments are proven to improve air quality, productivity, creativity, reduce sickness and absences as well as reduce stress and noise. With correct placement of plants, the need for air con can also be reduced and the air kept at a higher humidity (up to 20%).

100% Recycled Content Paper Consumables for Council Facilities

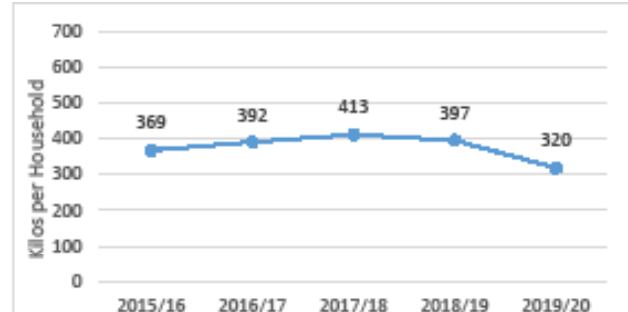
Council, as an organisation, uses a large quantity of paper consumables associated with our cleaning contract such as toilet paper and hand towels. Council's environmental and waste management policies, services and practices encourage recycling. However, for recycling to work and to support a sustainable and robust market for recycled material, consumers need to purchase products that contain or are made of recycled materials. Colac Otway Shire Council is always striving to set a good example to the market and the community.

The Environment Team worked closely with the Facilities Maintenance Team to ensure that Council's cleaning contractors are supplying 100% post-consumer recycled content paper products (Good Environmental Choice Australia certified) to Council facilities. Every effort was made to find sustainable and environmentally responsible options which are now used in every Council facility included in the cleaning contract.

WASTE

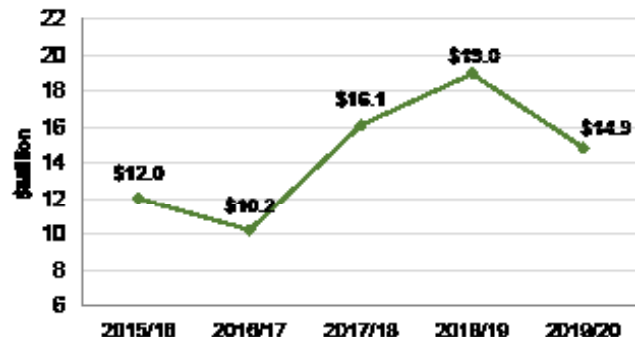


The increase in organic material diverted from landfill in 2019/20 was due to three additional kerbside collections in October and November 2019. Council offered all residents who pay for waste collection through their rates, the three additional collections to assist them in preparing their properties before the bushfire season commenced. Each year more residents use this service weekly.



This decrease in waste to landfill is due to better source separation of recycle and organic material out of the landfill bin from the kerbside collection bins. Bin inspections program which is a targeted re-education program has also assisted with this reduction of waste to landfill.

CAPITAL WORKS





OUR COUNCIL

Beeac

WHO ARE OUR COUNCILLORS

Our Council was democratically elected on 22 October 2016 and is governed by the *Local Government Act 1989* and *Local Government Act 2020*.

Council sets the overall direction for our municipality through long-term planning; examples include the Council Plan, financial plans, the municipality strategic statement and other strategic plans. Setting the strategic vision and then ensuring it is achieved is one Council's most important roles. For additional information on the role and powers of Council, please see page 74



Cr Stephen Hart

First elected: 2002
Re-elected: 2008, 2012, 2016
T: (03) 5232 9406
M: 0407 962 412

E: councillor.hart@colacotway.vic.gov.au



**Cr Jason Schram
Mayor**

First elected: 2016
T: (03) 5232 9405
M: 0428 326 410

E: councillor.schram@colacotway.vic.gov.au



Cr Chris Potter

First elected: 2016
T: (03) 5232 9408
M: 0427 821 435

E: councillor.potter@colacotway.vic.gov.au



**Cr Joe McCracken
Deputy Mayor**

First elected: 2016
T: (03) 5232 9409
M: 0427 749 918

E: councillor.mccracken@colacotway.vic.gov.au



Cr Chris Smith

First elected: 2004
Re-elected: 2008, 2012, 2016
T: (03) 5235 1255
M: 0419 351 255

E: councillor.smith@colacotway.vic.gov.au

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



Cr Brian Crook

First elected: 2002
Re-elected: 2004, 2008, 2012, 2018
T: (03) 5232 9407
M: 0417 559 258

E: councillor.crook@colacotway.vic.gov.au



Cr Kate Hanson

First elected: 2016
T: (03) 5232 9410
M: 0409 038 843

E: councillor.hanson@colacotway.vic.gov.au

Please note: the election of Council for the 2021-2025 period will take place 24 October 2020. Following this a new Council will be appointed and contact details for the new Councillors will be available on Councils [website](#).

COUNCIL MEETINGS

ORDINARY COUNCIL MEETINGS

In 2019/20, Council meetings were generally held on the fourth Wednesday of the month at Council Chambers. Council conducts its business in open and publicly advertised meetings, unless confidential items are being considered. Council two regional Ordinary Council Meetings per year; in 2019/20 these were held at Birregurra in July 2019 and Apollo Bay in September 2019.

QUESTION TIME

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

Due to the COVID-19 pandemic restrictions on the movement of people imposed by the State Government in March 2020, led to the cancellation of the Ordinary Council Meeting scheduled for March 2020. Following this, Council introduced measures to conduct open Council meetings by introducing the live streaming of public Council meetings in April 2020.

For Council meeting dates, agendas, minutes or to watch meetings live online, go to Council's website, Meetings and Agendas page.

BRIEFING SESSIONS

In addition to regular meetings, Council holds briefing sessions. Briefing sessions are not decision-making forums. They simply provide information on significant matters that will generally come before Council for formal consideration in the Council Chamber.

ADVISORY AND SPECIAL COMMITTEES

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

AUDIT COMMITTEE

Audit Committee meetings are held quarterly, or more frequently as determined. The purpose of Audit Committee meetings is to review financial and risk management systems and assist Council carry out its corporate governance responsibilities. It has an independent member as the chairperson.

PLANNING COMMITTEE

Planning Committee meetings are held on the second Wednesday of the month, as required. Planning meetings are to consider and determine all matters referred to it pursuant to its instrument of delegation, matters relating to strategic issues, receiving regular reports on key performance indicators, and other matters referred to the Committee as seen fit.

SPECIAL COMMITTEE

Meetings to consider submissions and other items of business under section 86 of the *Local Government Act 1989* were arranged as required. No Special Committee meetings were held in the 2019/20 year.

SPECIAL COUNCIL

On occasions, Special Council meetings were called to consider specific matters. Meetings were conducted in accordance with the meeting procedure provisions of Governance Local Law No. 4. Special Council meetings were held in September and November 2019, and in May 2020.

Information about all other advisory meetings and councillor attendance at meetings is available in the Democratic Governance section of this report, commencing on page 74.

COMMUNITY ENGAGEMENT

Council engages with our community through formal means including, community information sessions, surveys and submissions.

Council has a dedicated page on the website, to which you can subscribe to receive updates on active community engagement opportunities, via the community consultation page. Alternatively contact Council with your feedback at inq@colacotway.vic.gov.au

In 2019/20 Council formally consulted with the community on the following matters:

- Forrest Caravan Park Lease
- Draft 2020/21 Budget
- Council Plan 2017-2021 Survey
- Memorial Square Playspace
- Colac Otway Shire Library Services
- Lavers Hill Community Infrastructure Plan
- Draft Policy - Grants, Contributions and Donations
- Great Ocean Road Event Closure
- Birregurra Flood and Drainage
- Forrest Community Plan - Wastewater System
- Local Business Survey
- Community Infrastructure Plan - Apollo Bay, Skenes Creek, Marengo, Survey
- Draft 2019/20 Fees and Charges
- Community Satisfaction Survey



OUR PEOPLE

Carlilse River

EXECUTIVE TEAM

Colac Otway Shire is managed by an Executive Management Team, led by the Chief Executive. The EMT plans, coordinates and monitors the progress of Council's strategic direction and goals.



PETER BROWN
Chief Executive Officer
Bachelor of Economics;
Grad Dip Business
(Accounting); Grad Dip
Local Government;
FCCA, LGPRO.

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



ERROL LAWRENCE
General Manager
Corporate Services
Diploma of Accounting;
Company Directors
Diploma.

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

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



TONY MCGANN
General Manager
Infrastructure & Leisure
Services
Masters of Business
Admin; Bachelor of Civil
Engineering.

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

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

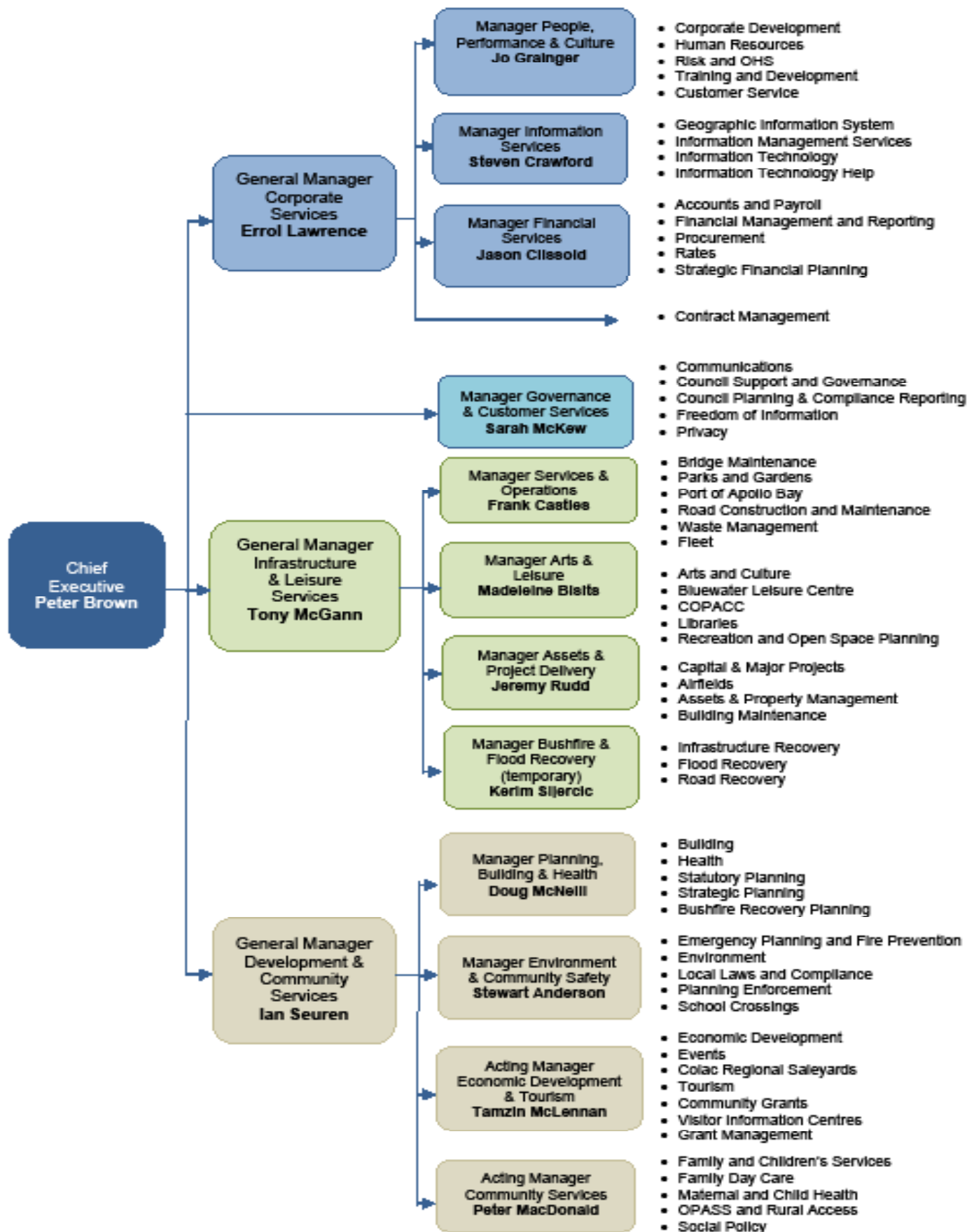


IAN SEUREN
General Manager
Development &
Community Services
Bachelor of Applied
Science (Human
Movement);
Master of Sport Business.

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

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

ORGANISATION STRUCTURE



COLAC OTWAY SHIRE STAFF

Our workforce remains predominantly permanent full-time at 71% with 24% permanent part-time and 5% casual. Employment type by gender indicates that males constitute 67% of permanent full-time roles whilst females are strongly represented in part-time and casual work at 91% and 64% respectively. The gender profile and composition of the workforce is reflective of the typical contemporary workforce and has remained consistent over the past several years.

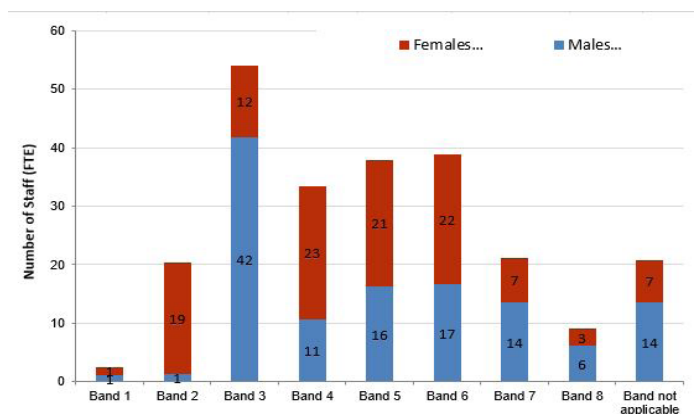
Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities. Approximately 65% of full-time males work in the outdoor crews (Parks and Gardens, Road Maintenance etc).

Employee type/gender	CEO	Corporate Services	Infrastructure & Leisure Services	Development & Community Services	Total
Full Time Equivalent					
Permanent FT – F	5	16	14	21	56
Permanent FT – M	1	12	76	23	112
Permanent PT – F	1	6	9	37	53
Permanent PT – M	0	0	2	3	5
Casual – F	0	3	3	1	7
Casual – M	0	0	3	1	4
Total	7	37	108	86	238

STAFF BY EMPLOYMENT BAND AND GENDER

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

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



RECRUITMENT

We advertised 66 positions, attracting 413 applications during the past year, which due to COVID-19 was considerably lower than previous years. Vacancies ranged across nearly all departments of the organisation.

We also implemented an e-Recruitment system to streamline recruitment processes and gain workflow efficiencies within the organisation. The system enables the electronic processing of end to end recruitment, from the request to advertise right through to the job offer. A reduction in paper based application processes is one of the many benefits being realised by the systems implementation.

STUDENT WORK PLACEMENTS

Colac Otway Shire Council welcomes students to apply for work placements within our organisation and is proud to have provided local residents (as well as students outside the Shire) with the opportunity to gain valuable work skills and experience across many departments of the organisation. Students are given an invaluable opportunity to learn more about Council and promote local government as a great place to work with many career path options available.

In 2019/20 we provided placements for students from Brophy Family & Youth Services, Hampden Special School, local secondary schools as well as a practical work placement for a Cadet Building Surveyor in our Building Department.

Three other placements were arranged but unable to commence due to COVID-19 restrictions, including school based apprenticeships at our Bluewater Leisure Centre.

TRAINEE & APPRENTICE POSITIONS

Two trainees completed a Traineeship in Certificate III in Business in the Information Management Services Unit and the Customer Assist Unit, with one successful in obtaining a full time position in that field (Information Management Services). We were also pleased to host a female in a Diesel Mechanic Apprentice Internship (for four weeks) to support her with her Apprenticeship.

Two trainees continued their traineeship in Certificate III Parks & Gardens and one as Apprentice Mechanic.

COLAC OTWAY SHIRE STAFF

EQUAL EMPLOYMENT OPPORTUNITY

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

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

All staff are required to attend mandatory Equal Opportunity/anti-discrimination and unacceptable workplace behaviour refresher training at regular intervals. This year we established a Workplace Equality & Respect Working Group and conducted a Gender Equity Survey to determine how we can continue to support all staff to gain access to career development opportunities and strengthen our inclusion strategies.

We also have a formal internal grievance policy and procedure that enables staff to raise complaints. There were no EEO/discrimination related complaints raised by staff during 2019/20. Compliance with EEO requirements is monitored by the People and Culture Department.

LEARNING AND DEVELOPMENT

Despite the disruption of COVID-19 restrictions we were able to offer our employees a wide range of learning and development opportunities, both face to face and by webinar.

Our highlights in the 2019/20 year were:

- The purchase of our first eLearning suite through a Learning Management System in response to limited face to face training due to COVID-19 restrictions.
- Further progression of Gender Equity in the organisation through the training of the Gender Equity Working Group as well as the Senior Leadership Team, all Coordinators and Team Leaders, and a session for staff.
- Training in the creation of Smart Forms in line with continuous improvement to allow forms to be converted to a digital format.

TRAINING PROGRAMS DELIVERED 2019/20

- Workplace Equality & Respect Training (for the Working Group)
- Fire Extinguisher Usage
- Fire and Emergency Warden and Chief Warden Training
- Microsoft Office, Word, Excel, Powerpoint,
- Unshakeable at Work (for Leadership Group and Staff)
- Corporate Naming Conventions
- Positive Leadership (for staff and Leaders)
- First Aid and CPR refresher
- Workplace Equality and Respect - Executive and Senior Leadership Session
- Time Management for Complex Tasks and Projects
- Workplace Equity & Respect Training for Coordinators
- Workplace Equity & Respect Training for COS Staff
- Introduction to Local Government Basics
- Report Writing
- Procurement Compliance
- Speed Reading
- Smart Forms
- Unshakeable at Work for Staff
- Docusign (digital signature program)
- Initial 5 day Health & Safety Representative Course for newly elected officers

WEBINARS

- How to Work Remotely (and Lead a Team in challenging times)
- Getting ready for the new Local Government Act 2020
- Recognising the signs (mental health) in your remote workforce
- How to manage your emotions when dealing with emotional customers/protect yourself from negativity
- Change management and improving communication in a virtual environment
- How To Maximise Resilience In Challenging Times
- Building resilience in teams
- Good complaint handling
- Conflict of Interest

COLAC OTWAY SHIRE STAFF

HEALTH AND WELLBEING



The Health and Wellbeing Team is funded to deliver programs, support, resources and experiences to staff, providing opportunities to better understand the key components of, and improve, their health and wellbeing.

With local bushfires in February followed by COVID-19, our Health and Wellbeing program delivered the following:

- Vision Superannuation Information Sessions
- Sleep Well program
- Soup Day luncheon
- Daffodil Day morning tea
- Farewell morning teas
- Staff BBQ – fundraiser for bushfire victims in Corangamite region
- Self-Care Webinar for your mental health and wellbeing
- Mindful Movements - Relaxation webinar
- Money Matters webinar
- Coping with Stress, Worry & Anxiety webinar (session 1 of 5)
- Vision Superannuation Webinar

FLEXIBLE WORKING

Council is proud to support its employees by facilitating a range of flexible working arrangements to assist them to fulfil their professional and personal responsibilities. We supported 14 formal flexible working arrangements throughout 2019/20.

In addition, 50 further working from home applications were approved this year as a result of COVID-19 restrictions which is a huge increase from previous years. Our IT Department worked tirelessly to ensure systems were in place so that staff could be set up in a timely manner.

APPRECIATING STAFF

Reward and recognition is an important component of ensuring that staff feel valued and appreciated for the work they do. The annual Years of Service Awards event acknowledges staff dedication to serving the Colac Otway Shire community. We also celebrate success through peer nominations for outstanding work, display of our organisational values and positive behaviours at the quarterly Champagne and Innovation Awards event.

The annual Years of Service Awards event is usually delivered in person as a semi-formal event where we celebrate key milestones in staff years of service. This year it will be delivered online until we are able to meet in person again as an organisation.

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

- **35 Years**
- **25 Years**
- **20 Years**
- **15 Years**
- **10 Years**
- **5 Years**

APPRECIATING OUR VOLUNTEERS

Council is proud of and incredibly thankful for the wonderful contribution our volunteers provide to the Colac Otway Shire community.

Council acknowledges their invaluable support in delivering a range of services and programs across the shire.

In 2019/20 17 volunteers provided essential support through delivery of 5,173 Meals on Wheels and 4,597 hours community transport services.

Volunteers delivering meals also take time to observe any obvious changes around peoples environments and report back to Council with any concerns.

The transport volunteers spend time with Clients talking and listening on their trips to and from appointments.

Another vital support service provided by volunteers is at the Colac and Apollo Bay (GORVIC) Visitor Information Centres, with 13 volunteers at Colac and four at GORVIC.

The VIC volunteers provide important customer service in promoting our region and sharing their local knowledge with visitors.

In 2019/20 185 school children participated in environmental education projects. Unfortunately the program was cut short due to COVID-19 and the closure of schools for remote learning.

Students from Sacred Heart Primary School enjoyed helping with planting days.



COLAC OTWAY SHIRE STAFF

OCCUPATIONAL HEALTH AND SAFETY

At Colac Otway Shire we have an absolute commitment to providing a safe and healthy workplace for our employees, contractors, volunteers and visitors. Through consultation with our workforce this year, Council re-structured its Occupational Health and Safety (OH&S) Committees to provide for improved representation for our staff.

Four Occupational Health and Safety Committees now each meet quarterly with involvement from the relevant General Manager as chair. There are now 23 Health and Safety Representatives across Council, broadening our opportunity for safety consultation with all staff and providing for continuous improvement in driving a positive safety culture.

Ongoing OH&S training is a key element in our continuous improvement approach to health and safety performance. Employees are regularly offered and refreshed with training in First Aid/CPR, Emergency Warden and Health and Safety Representative training.

Employees are required to complete an incident report for any accidents, near misses or risks they identify in the workplace. This enables our Risk and OHS team to be more proactive and less reactive when it comes to minimising risks. All incident reports are recorded in the SolvSafety corporate reporting software. In 2019/20, 171 incident reports were completed. This is a slight increase from 169 reports in 2018/19, however, is consistent and reflective of the strong reporting culture within the organisation. There were six standard WorkCover claims in 2019/20.

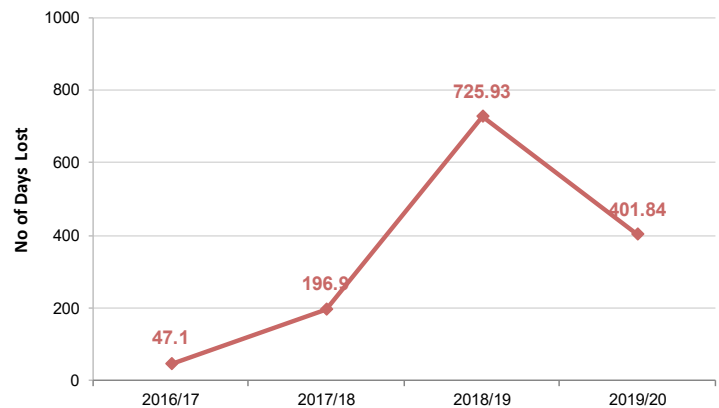
MENTAL HEALTH

In fulfilling our commitment to supporting staff with mental health problems and reducing the issues impacting them, 2019/20 marks the third year that Council has continued to maintain a proactive and self-motivated Mental Health Network to help support the role of the Mental Health First Aid Officers.

This network consists of an Employee Assistance Program, Support Officer, representation from our executive team and 16 employees from across the organisation trained in Mental Health First Aid. The Network meets quarterly with the aim of identifying and supporting those who may be suffering an acute mental health event, or may have a reduced capacity to cope, and to proactively identify and address issues impacting on the mental health and welfare of employees.

DAYS LOST TO INJURY

We had 401.84 days lost due to injury during the 2019/20; a total of 399.78 effective full-time (EFT) days compared with 666.33 EFT days in 2017/18 period; a reduction of 40%.



SUPPORTING OUR EMPLOYEES

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

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

REPORT OF OPERATIONS

PLANNING AND ACCOUNTABILITY FRAMEWORK

The *Local Government Act 1989 and 2020* requires Council to prepare the following planning and reporting documents:

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

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

COUNCIL PLAN

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

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



REPORT OF OPERATIONS

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

This broad range of community services and infrastructure for residents supports the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan 2017-2021 and the associated budget 2019/20 and reported upon in this document.

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

ECONOMIC & ENVIRONMENTAL IMPACTS

The main economic factor to note for 2019/20 is the financial impact of various measures taken to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted several areas of Council operations, including:

- Additional hygiene and cleaning practices have been introduced within the workplace.
- In response to significant government directive amidst the COVID-19 outbreak, the following facilities were closed:
 - ~ Bluewater Leisure Centre
 - ~ Colac Otway Performing Arts & Cultural Centre
 - ~ Colac Visitor Information Centre
 - ~ Great Ocean Road Visitor Information Centre
- Additional ICT infrastructure has been introduced to ensure that Council Officers have the ability to work from home effectively and the public can participate in Ordinary Council Meetings.

It is important to note that Council made amendments to the 2020/21 budget to cover expected lost revenue and increased costs resulting from the pandemic and to support the community.

MAJOR OPERATIONAL CHANGES

Consolidation of Apollo Bay Customer Service Centre

There were some significant operational changes to Councils Visitor Information Centre in Apollo Bay During 2019/20. The main change was the relocation of the customer assist service from the Nelson street office to the Visitor Information Centre, more centrally located on the main street of Apollo Bay. Apart from the improved access due to the location, other benefits include increased opportunity for staff to learn new skills and increased hours of service for residents to access customer assist.

Transition of Library Service

In June 2020, Council resolved to transfer the provision of its library services from the Corangamite Regional Library Corporation to the Geelong Regional Library Corporation. The transition of services will occur over the course of the 2020/21 year, with the Geelong Regional Library Corporation as the new service provider commencing on 1 July 2021. Council made the decision that its library services would best be provided into the future by the Geelong Regional Library Corporation. The Geelong Corporation has a proven track record of providing high quality library services to its member Councils, and Colac Otway Shire is excited by the opportunities this provides for our community.

Completion of Bushfire and Flood Recovery

Following the Wye River fires on Christmas Day in 2015 and widespread flooding in the following year Council was successful in advocating for approximately \$15M in funding to repair damaged infrastructure and deliver new engineering works designed to reduce the risk of landslip.

The work team embarked on an effective community engagement and completed the work program on budget during the year. Works included stormwater drainage, kerb and channel, retaining walls, landslip repair and major culvert construction.

Establishment of City Deals Project Governance

Council advocated for and was successful in winning \$19.4M in Federal Government and private sector funding to deliver three major tourism infrastructure projects on the coast as part of the Geelong and Shipwreck Coast City Deal.

The projects are for toilet, parking and other infrastructure at Kennett River, a shared path between Skenes Creek and Wild Dog Creek and tourism infrastructure at the Apollo Bay Harbour including a revamped Fisherman's Coop.

Planning, design and construction is scheduled to take 3 years. The planning phase commenced during the year along with the establishment of project governance.



OUR PROSPERITY

Apollo Bay

THEME ONE - OUR PROSPERITY

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

THE IMPORTANCE OF OUR PROSPERITY AS A THEME

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

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

FOUR STRATEGIES CONTRIBUTE TO ACHIEVING OUR GOAL

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

Key highlights for projects and activities linked to Our Prosperity begin on page 33



OUR PROSPERITY

SERVICES CONTRIBUTING TO OUR PROSPERITY

The following services/activities were funded in the 2019/20 budget and contribute to achieving the goals and strategies for this Theme:

Service Area	Description of Service	Net Cost Actual <u>Budget</u> Variance \$000
Building Control	This service provides for planned building developments to meet present and future community requirements.	1,162 <u>1,032</u> 128
Events	This service provides for active community involvement in the provisioning of management and support for community entertainment and events.	110 <u>114</u> (4)
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.	900 <u>940</u> (40)
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.	605 <u>604</u> 1
Apollo Bay Harbour	This service manages and maintains the Apollo Bay Harbour for the enjoyment of the community.	1,005 <u>0</u> 1,005
Colac Livestock Selling Centre	This service provides a vital link in our rural infrastructure by providing a marketplace for buying and selling livestock.	(84) <u>(41)</u> (43)
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.	1,017 <u>1,341</u> (324)
Strategic Planning	This service ensures that land use planning is undertaken to meet the sustainable long term needs of current and future generations.	724 <u>281</u> 443

OUR PROSPERITY

HIGHLIGHTS

Draft Apollo Bay Development Plan

A draft Development Plan was prepared for the Apollo Bay Harbour to give future direction to how the precinct will be redeveloped to attract greater visitation and economic benefits from tourism. The draft Plan was developed as part of the Apollo Bay Community Infrastructure Plan, and was influenced by significant community input. The draft includes relocation of the port depot to enable construction of waterfront retail/cafe development adjoining a timber promenade, below an expanded Fisherman's Co-operative. The plan will be finalised late in 2020 after further community engagement, and will facilitate construction of upgrade projects funded through the City Deal agreement. It will also form the basis for an Expression of Interest process to seek private sector interest in the development. Redevelopment of the harbour has long been sought by the local community, and will stimulate local employment.

Better Approvals Project

Council participated in a Small Business Victoria initiative titled 'Better Approvals' which seeks to reduce the time taken for small business to obtain permits from Council for new development. Council's Planning, Building, Health, Local Laws, Economic Development and Infrastructure staff participated in developing new procedures to support more integrated advice and support to business applicants. The initiative features a 'concierge' from Economic Development who will be the single point of contact in Council to assist businesses as they navigate the different approvals. The time savings expected to be achieved after it's launched will be significant.

Small Business Friendly Council Charter

Colac Otway Shire signed the Small Business Friendly Council Charter in collaboration with the Victorian Small Business Commission. In line with the Charter, Council participated in the Better Approvals project which ensures efficiencies in small business permit application processes. The first step has been implemented with Economic Development acting as a concierge for providing permit pre-application advice to small businesses.

Colac Regional Saleyards

Council worked with a range of stakeholders to successfully change the way we operated sales at the Colac Regional Saleyards due to COVID-19. By moving sales into the dairy ring, we were able to maintain weekly sales and monthly store sales while still maintaining social distancing.

Colac Visitor Information Centre Hours

A restructure of the Colac Visitor Information Centre's hours has optimised service delivery, saving Council an estimated \$50,000 per year.

Consolidation of Apollo Bay Customer Assist Centre

The consolidation of Apollo Bay's customer assist function in the Great Ocean Road Visitor Information Centre has increased the service availability to the Apollo Bay community to seven days per week.



Colac Destination Action Plan

In partnership with Great Ocean Road Regional Tourism, Council facilitated the creation of a Colac Destination Action Plan which will inform future decision making to stimulate Colac's tourism economy.

Revitalisation of the Forrest Mountain Bike Network

Council delivered a detailed design plan for the revitalisation of the Forest Mountain Bike Network to reinstate the network as one of Australia's premier mountain biking destinations. Council also attracted an initial \$500,000 of State Government funding towards implementation of the plan.

CHALLENGES

Service Delivery During in COVID-19

COVID-19 has presented a range of challenges for service delivery across Council, particularly for our public-facing services such as visitor information centres and saleyards. Ongoing work is taking place to ensure we can continue to provide these services in a safe manner.

OUR PROSPERITY

FUTURE OUTLOOK

Building Department Operations

A tender for delivery of Council's Building Department services will be finalised late in 2020, confirming the team of contract staff who will act on Council's behalf to ensure public safety and adherence of use and development to State Building legislation. This is occurring in a time when Council is in the process of changing its service to move away from processing building permit applications, and encouraging residents to seek the services of private building surveyors. This will refocus the work of the building team from permit processing to building compliance and enforcement. Council will be reviewing the administrative fees for building compliance, and exhibiting a new policy to guide building compliance activities. Building staff will also oversee the initial registration process for swimming pools and spas in accordance with new State Government regulations.

Colac Civic Railway and Health Precinct Master Plan

Consultants will be engaged to prepare a Master Plan for the Civic Health and Railway precinct in Colac. The plan is part funded by the Department of Transport and VicTrack, and is being undertaken in partnership with Colac Area Health and Department Environment Land Water & Planning. It will investigate opportunities for future use and development in the heart of Colac to take advantage of the railway station and underutilised land adjoining it. The plan will also provide long term direction for the hospital precinct, as well as future expansion of Council facilities at COPACC and the Shire office to cater for long term population growth. It follows the successful completion of a Needs Analysis for Council's facilities which has established design principles which need to be met for the project.

Apollo Bay Community Infrastructure Plan

A draft plan will be completed for Council consideration and public engagement following significant work undertaken in 2019/20. Undertaken in partnership with the Otway Coast Committee, the plan will establish desired infrastructure improvements for public areas in Apollo Bay, Marengo and Skenes Creek, with a particular focus on the central foreshore and commercial area. It will also identify future needs for community infrastructure, and provide support for funding applications to improve infrastructure in these towns.

Council will work with aerodrome stakeholders to implement the Colac Municipal Aerodrome project to build new taxiways and enable expansion of parking facilities to allow more space for emergency services.

Forrest Mountain Bike Network

Construction of the Forrest Mountain Bike Trails upgrade is planned to take place in 2020/21, with detailed design already commenced.

PLANNING & BUILDING STATISTICS 2019/20

VicSMART APPLICATIONS

(Decisions made within 10 days)

Year	2016/17	2017/18	2018/19	2019/20
Applications	12	52	54	56
Decisions <10 days	9	44	50	61
Median Processing Days	7.6	7.5	6	7

REGULAR APPLICATIONS

(Decisions made within 60 days)

Year	2016/17	2017/18	2018/19	2019/20
Applications	365	319	342	315
Decisions <60 days	282	178	166	224
Median Processing Days	43.3	70	86	91
Appeals to VCAT	2	1	6	6
Council Decision Upheld	2	1	0*	3

VCAT - Victorian Civil and Administrative Tribunal

**No decisions made by VCAT on these appeals in the reporting year.*

BUILDING APPLICATIONS

(Including enforcement)

Year	2016/17	2017/18	2018/19	2019/20
Applications	64	75	33	29
Report & Consent	78	74	65	76
Notices & Orders	45	14	49	40

PROGRESS AGAINST THE COUNCIL PLAN

1.1 Plan infrastructure, assets and land use with a long-term vision for economic growth.

Provide direction on how growth across the Shire should proceed and ensure adequate land is provided for industrial and residential use.

The Colac 2050 Growth Plan was completed and adopted by Council in August 2019, along with an amendment to the Planning Scheme (C97) that directs where and how growth across Colac should occur in the future. Officers are currently finalising technical work which will enable the production of a draft Development Plan for the Colac West residential growth area, and are liaising with land owners west of Wyuna Estate at Elliminyt concerning a Development Plan at that location. Officers are also commencing a plan to guide industrial development of land zoned in 2017 at Forrest Street, Colac utilising a grant from the Victorian Planning Authority (VPA). In addition, a Community Infrastructure Plan is being developed at Apollo Bay to guide the provision of new infrastructure in Apollo Bay, Marengo and Skenes Creek, as well as development at the Apollo Bay harbour.

Ongoing

Implement the Colac Otway Economic Development Strategy.

Implementation is ongoing through activities consistent with the Strategy's 60 actions, however Council's response to COVID-19 has taken precedence. A business and community support package has been prepared which will support local businesses through the COVID-19 pandemic. Funding has been secured for improvements at the Colac Municipal Aerodrome and Forrest Mountain Bike trails.

Ongoing

Conduct a review of the housing stock in Colac and establish a Residential Housing Strategy to ensure current and future stock is suitable to attract new residents.

The adopted Colac 2050 Growth Plan includes a basic analysis of housing needs in Colac. This informed the development of the Plan, however a more comprehensive Housing Needs Assessment is required to be completed that includes consideration of affordable housing needs, an ageing population, etc. This project requires dedicated Council funding. It is proposed this occur as part of a wider Settlement Strategy for the Shire that includes Apollo Bay with consideration to an ageing population and providing housing for workers within the seasonal tourism sector. Council is part of a housing study which focusses on affordability and housing availability issues.

Ongoing

Identify and improve tourism assets across the Shire.

The Apollo Bay Harbour Precinct Masterplan will make some progress towards this action. More significant progress will also be made via the Forrest Mountain Bike Trails redevelopment (design study has been completed). New temporary toilet facilities have been installed in several locations across the coast. Planning for City Deal implementation is now underway in Apollo Bay.

Ongoing

Prepare an Infrastructure Master Plan for Apollo Bay and Coastal Townships, covering categories including roads, car parking, bus parking, footpaths and storm water drainage.

The Community Infrastructure Plan for Apollo Bay, Skenes Creek and Marengo is progressing well following significant community engagement. The plan is inclusive of a Foreshore Master Plan for the Otway Coast Committee and Development Plan for the Apollo Bay Harbour. This work builds on the Coastal Traffic and Parking Strategy undertaken in 2018/19 which establishes strategies in the coastal townships for management of parking, buses and other infrastructure such as toilets associated with tourism pressures. The draft plan for the Harbour Precinct will be presented to Council in advance of the broader plan.

Ongoing

PROGRESS AGAINST THE COUNCIL PLAN

Attract investment to implement key master plans that will drive economic growth such as the Lake Colac Foreshore Master Plan.

In 2019/20 Council was successful in obtaining a \$500K grant for the Forrest Mountain Bike Trails and requisite studies (geotech, CHMP and flora and fauna) will commence shortly subject to COVID-19 restrictions. Council has also received funding of \$112K from the Federal Government for improvements to the Colac Municipal Aerodrome. The City Deal projects have commenced, which have attracted \$19M investment from other levels of Government.

Ongoing

Remove unnecessary planning triggers to streamline planning processes.

Council adopted its four yearly Planning Scheme Review in March 2018. Consultant Glossop has drafted proposed changes to Council's Planning Scheme which give effect to this review, and to streamline planning provisions where possible. The process of exhibiting an amendment has been delayed due to State Government reforms implemented in August 2018 which require a translation of the current Municipal Strategic Statement in the Planning Scheme into the new State Planning Policy Framework (PPF) before Council can exhibit changes to its policy framework and change overlay provisions. The translation has taken longer than expected, but is likely to be finalised mid-2020, followed by exhibition of a Council Amendment. Officers have been refining the proposed local overlay changes whilst the State Government led translation occurs. Officers have initiated and completed amendments to the Planning Scheme that remove a series of anomalies to controls on specific properties and remove the redundant Environmental Significance Overlay from waterways in urban parts of Colac and the Warrion Groundwater Area. Work is occurring within three precincts of the Heritage Overlay in Colac to remove unnecessary permit triggers in the overlay, which will be presented to Council in August 2020 to support a planning scheme amendment. Work has also commenced to review the mapping of the Erosion Management Overlay (landslide risk) to rationalise its coverage.

Ongoing

Strengthen partnerships with employers in the Shire and continue to participate in and support the Designated Area of Migration Agreement and associated projects.

The Chief Executive Officer has continued to meet with significant businesses in the Shire. The Mayor and Chief Executive Officer have held a series of meetings with real estate agents and developers to discuss planning and building issues. Council meets monthly with 'Action for Apollo Bay' which comprises representatives of the Apollo Bay Chamber of Commerce, the Skenes Creek community and the Otway Coast Committee.

Ongoing

1.2 Support a thriving economy and industries.

Identify and promote tourism pathways between attractions across the whole Shire.

This project has not commenced due the significant funding that would be required and would include road surveys and purchasing Telstra tracking data to identify numbers of tourists on different rural roads. Actioning this information would involve working with Regional Roads Victoria to reclassify roads (to ensure satellite data doesn't take tourists on the wrong roads).

On Hold

Identify and support employment in tourism.

Council partnered with the Great South Coast Councils to develop the Key worker Accommodation Study. Implementation of the study will continue in 2020/21 and subsequent years.

Ongoing

PROGRESS AGAINST THE COUNCIL PLAN

Explore options to facilitate new tourism accommodation.

Planning and economic development officers have worked collaboratively to proactively seek investment in tourist accommodation in Colac and have worked with a number of prospective investors. A future budget allocation is required to further investigate appropriate means by which tourism development can be encouraged in appropriate locations in the Shire.

Ongoing

Review planning controls for the coastal hinterland and support establishment of tourist accommodation.

A future budget allocation is required to engage consultants to review the planning provisions that apply to land along the coast and in the coastal hinterland, with the intention of encouraging tourism in appropriate locations. The State Government is preparing a Strategic Framework Plan for the Great Ocean Road hinterland which will influence this work.

Review the Shire Events Strategy and partner with event organisers to assist them preserve the amenity of residents while running successful events.

The Shire Events Strategy has been incorporated into the Economic Development Strategy which was endorsed by Council in March 2019.

Complete

Facilitate the attraction of investment in the development of high standard accommodation in Colac and Apollo Bay, complemented by high yielding nature based experiences.

Council has commissioned a detailed study into accommodation options for Colac, with an industry leading consultant. This should be completed by July and will assist Council's negotiations with prospective investors and businesses looking to establish high end accommodation in Colac. Interest in the development of accommodation in Apollo Bay remains strong.

Ongoing

Encourage and support existing owners of accommodation to upgrade, refurbish and develop new infrastructure to meet visitor demand.

Ongoing activity across the Shire with accommodation owners.

Ongoing

Review the Great Ocean Road Closure Policy.

The review of the guidelines has commenced which is being led by Regional Roads Victoria in partnership with Colac Otway and Surf Coast Shires and the Victorian Police. An extensive community engagement process has been undertaken to gain feedback on the event closure guidelines. Most engagement took place over video conferencing due to COVID-19. A report was presented to Council's June 2020 Ordinary Council meeting seeking Council's signoff of the draft guidelines, which will enable the Department of Transport to progress to an Expression of Interest Process.

80%

1.3 Strengthen partnerships with key stakeholders to benefit the whole community.

Seek regional funds from State and Federal Governments.

Council continues to secure funds from other levels of government.

Ongoing

PROGRESS AGAINST THE COUNCIL PLAN

Develop and maintain regional partnerships and joint advocacy.

Council will continue to maintain strong partnerships with key stakeholders for the duration of the Council Plan.

Council is represented on the following organisations:

- G21
- Great Ocean Road Taskforce
- Great Ocean Road Regional Tourism
- Barwon Regional Partnership.

Ongoing

Seek to influence education providers to match local job opportunities with available skills training.

Council continues to work with agencies such as, South West TAFE and Westvic Staffing Solutions. South West TAFE has recorded significant growth in registered students and training uptake and work is to commence shortly on discussions with both Trinity College and Colac Secondary College regarding the use of the Trade Training Centre at Colac Secondary College and the hospitality facilities at Trinity.

Ongoing

Support programs to reduce youth unemployment and promote employment for disadvantaged groups in partnership with employers, G21 and the GROW initiative.

Significant work undertaken in conjunction with GROW in the development of the Colac Workforce Development Network. The Network is established and supported by the four large employers in Colac.

A successful jobs fair was held in November 2019.

The COVID-19 global pandemic has significantly changed our community's employment prospects, with many people out of work due to government-directed closures. The Economic Development team has focussed on helping keep businesses informed of the funding support opportunities available to them, as well as reaching out to businesses over the phone and via an online survey to understand the kinds of support they most need from Council and government more generally.

Ongoing

1.4 Improve strategic planning and coordination of the Great Ocean Road.

Maintaining connections with the Great Ocean Road Authority and provide input into social, economic and environmental values.

The Victorian Government is progressing with the establishment of the Great Ocean Road Coast and Parks Authority. Council has met with representatives of DELWP on a number of occasions. DELWP is also now attending the Action for the Apollo Bay meetings on a monthly basis.

Complete

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Statutory Planning					
Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	66.50	70.00	86.00	91.00	Small increase in time taken to process applications but additional staff resourcing during 2019 has enhanced capacity and is increasing performance, which will be reflected in 2020/21 reporting.
Service standard Planning applications decided within required time frames [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	73.09%	74.25%	73.22%	80.23%	Better performance reflects increased staff resources in statutory planning and process improvements implemented during the year.
Service cost Cost of statutory planning service [Direct cost of the statutory planning service / Number of planning applications received]	\$2,706.06	\$3,634.56	\$3,367.43	\$3,447.93	Increased costs due to additional planning staff engaged in 2019 to process planning applications and address level of permit activity.
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	100.00%	0.00%	50.00%	Three of the six VCAT decisions were upheld.



OUR PLACES

Layers Hill

THEME TWO - OUR PLACES

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

THE IMPORTANCE OF OUR PLACES AS A THEME

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

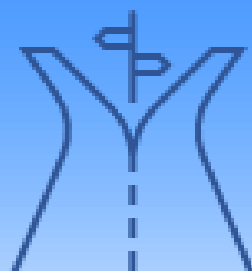
It is important for us to manage assets in a rational way so that we can ensure they are sustainable over the long term so that those services are provided to future generations.

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

SIX STRATEGIES CONTRIBUTE TO ACHIEVING OUR GOAL

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

Key highlights for projects and activities linked to Our Places begin on page 43



OUR PLACES

SERVICES CONTRIBUTING TO OUR PLACES

The following services/activities were funded in the 2019/20 budget and contribute to achieving the goals and strategies for this Theme:

Service Area	Description of Service	Net Cost Actual <u>Budget</u> Variance \$000
Emergency Management	Provision of necessary support for the community in the case of an emergency event occurring	559 <u>198</u> 361
Environment	Management of our natural environment for the betterment and enjoyment of all members of our community	981 <u>627</u> 354
Fire Prevention	Promotion of community safety by aiming to eliminate potential fire risks within our community	0 <u>0</u> 0
Infrastructure Services	Provides for the physical assets required by the community to maintain a happy, healthy and sustainable lifestyle	6,246 <u>5,375</u> 870
Parks, Gardens and Reserves	Maintenance of open space for the enjoyment of all community members	1,393 <u>2,188</u> (795)
Waste Management	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	257 <u>904</u> (647)

OUR PLACES

HIGHLIGHTS

Carbon Neutral Target

In 2019/20 a 30kW solar PV system was installed on the Colac Community Library and Learning Centre in May 2020. In collaboration with the building's owner, Victorian Department of Education, the solar installation will provide significant environmental and economic benefits for both Colac Otway Shire and Colac Secondary College, which maintain an even split of running costs at the facility. Specifically, the 30kW solar system is expected to generate around 40MWh annually, saving around \$10,000 per annum in electricity costs and preventing 46 tonnes of greenhouse gasses (CO₂-e) from entering the atmosphere.

In addition to the installation of solar PV, lighting at the library has also been upgraded to LEDs, further reducing the Shire's carbon emissions. A total of 746 fluorescent tubes and other lights were retrofitted with LED equivalents to generate electricity savings of around 41kWh per day or 10,660kWh per year. This represents an annual financial saving of around \$2,770 and 12.5 tonnes CO₂-e.

Main Roads Street Lighting Upgrades

Council invested in upgrading an additional 127 high wattage main road street lights to energy efficient LED's, adding to the previously upgraded 1400+ minor roads (townships) street lights. These upgrades will save around 38,800kWh of electricity, the equivalent of 66 tonnes CO₂-e per year.

Closed Landfill Management

Council worked with the Barwon South West Waste & Resource Recovery Group (BSWWRRG) to complete risk assessments for its four unrehabilitated closed landfills. The risk assessments found that these sites posed lower risk than previously understood and consequently aftercare management costs are lower than forecasted.

Hydrogeological assessments for Alvie and Bruce Street landfills were undertaken to provide a comprehensive understanding of the long term risk to groundwater and surface water at these sites.

Communities Combating Pests and Weeds

A \$200,000 federally funded grant program, Communities Combating Pests and Weeds, has been awarded to Council to support the region in both weed management of a range of noxious species and in rabbit control measures. The program has three components: public land projects; community knowledge and capacity building (education and network establishment); and grants to support private property owners to manage pests and weeds on their land.

The largest portion of funds has been directed to the private land grants component, which has given Council a unique opportunity to directly support Colac Otway communities in their efforts to control weeds and pests. The program has also involved a significant project to develop a broad suite of locally focussed online resources to help educate and inform our communities on how to plan and undertake weed management and rabbit control.

Successful delivery of Environmental Projects

In addition to administering the Communities Combatting Pests and Weeds program throughout 2019/20, Council's Environment Unit successfully delivered two further environmental weed management programs - Council's operational program to protect natural assets within the shire and the State Government funded Roadsides Weeds and Pests Program.

Plug-in Hybrid Electric Vehicle (PHEV)

After a successful trial earlier in the year, in July 2019 Colac Otway Shire incorporated a Mitsubishi Outlander PHEV as part of the regular fleet. With impressive efficiency figures, particularly for short trips around town where the electric motor is capable of being the primary motor, the PHEV has proven to be popular among staff for its smooth, quiet operation and pleasant driving experience.

100% Green Electricity for Council Operations

Council approved the purchase of 100% green (emission free) electricity for all its facilities, operations and street lighting, reducing Council's greenhouse emissions significantly, by approximately 1900 tonnes CO₂-e or 60%, and moving significantly closer to reaching its Carbon Neutral experience. In addition Council obtained a Local Government Energy Saver grant of \$100,000 to enable further energy saving measures in COPACC and Bluewater.

Emergency Relief Centre Training

Colac Otway Shire participated in the cross council Emergency Relief Centre (ERC) training exercise in October in Winchelsea. Surf Coast Shire hosted the training in collaboration with Corangamite and Colac Otway Shires. There were over 100 participants across multiple organisations involved in testing ERC operations across a variety of scenarios. The day was a great success in building the capability of Colac Otway Shire staff to perform emergency management roles in an ERC. Council also ran a cross organisation Fireline Leadership course which included Council and other agency staff and community members. This was a huge success also, that has since led to Council getting funding from Safer Together to run tailored Community Fireline Leadership courses in 2020/21.

OUR PLACES

Supporting Bushfire Affected Councils

A number of Council officers spent time assisting the Shire of Towong in their recovery after the 2019/20 North East bushfires. Whilst being away for a short time, it was a genuine learning experience in bushfire recovery and community engagement.

Places of Last Resort

Successful designations of Barwon Downs and Beech Forest as Bushfire Places of Last Resort (NSP's), and signage at all Bushfire Places of Last Resort was updated, including a Chinese language version for tourists.



Service & Operations Proactive Works Program

With the introduction of a proactive works program in 2019/20, outstanding customer requests has reduced from 105 to 30, and internal road corridor maintenance inspections is down to 10, instead of the previous average of 238 outstanding requests. These improvements are attributed to: scheduled maintenance management Plan with set KPI targets reported monthly; focussed road minor maintenance team to spot and amend issues before they become a problem; a roadside maintenance framework was introduced to ensure all aspects inside the road envelope including tree trimming, culvert and drainage pipe repairs, slashing and spraying and roadside furniture are maintained alongside road surface maintenance.

Redeployment of Leadership Roles

Utilising existing resources, a Quality Assurance Team Leader role has been created to ensure the consistent quality of our road network and capital works performed within Services and Operations. This role provides expertise, knowledge and upskilling to the staff performing the maintenance.

A Contracts and Minor Projects Officer is now responsible for the management of contracted works programs and minor projects performed within Service and Operations.

Building Maintenance

Transfer of Building Maintenance to the Service and Operations team has provided more efficient services to building maintenance. Previously 90% of works were outsourced, however the move to Service and Operations has significantly reduced the need to outsource to contractors, with appropriately qualified staff within the maintenance team able to carry out works. A specialised repurposed building maintenance trade trailer has been established with fit for purpose tools.

AFL Pre Season - Ground Preparation

Service and Operation's Parks and Gardens staff once again were pivotal in the success of the AFL pre-season match between Geelong and Essendon at Colac Otway Shire's premier sporting oval, Central Reserve. The team were able to provide a playing surface to the AFL's stringent quality standards and assisted in the day being a huge success for the Shire.



CHALLENGES

Communities Combating Pests and Weeds Grant Program

This project is an inherently highly complex project, particularly given the dual on-ground works components of projects on public land (which required extensive collaboration with government agencies and local land managers) and grants for private land (each being unique and frequently involving a high level of individual engagement). COVID-19 has also impacted this grant program, particularly in relation to private land grants. A significant number of grant participants have withdrawn due to financial hardship concerns.

Environmental Projects

The number of children involved in environmental activities was significantly reduced throughout 2020 due to COVID-19 restrictions. In addition, activities planned for World Environment Day 2020, which is often the centrepiece of Council's environmental education activities, had to be cancelled.

OUR PLACES

Fire Prevention Program

The Fire Prevention Program undertaken by Council involves the inspection of properties across the region during the declared Fire Danger period. Unfortunately 354 properties (up 80 since 2018/19) were issued with a Fire Prevention Notice (FPN) by Council officers because their property failed to meet the prescribed standards. Eight of those properties (down two since 2018/19) had to be issued with an infringement for failing to comply with the notice.

Meeting Customer Expectations

Maintaining the road network with budget constraints and high customer expectations is always a challenge. With 1,050km of unsealed road network and 550km of sealed road network, the service levels able to be provided are not always up to customer expectation as reflected in the feedback in the 2020 Customer Satisfaction Survey. This challenge is a major focus for our team with targets to increase operational and budget efficiencies by 10% in conjunction with providing field staff with the appropriate knowledge and resources.

Grey-headed Flying Fox Population

The Grey-headed flying fox population at the Colac Botanic Gardens posed a challenge to the heritage listed trees. The flying fox's relocation plan was approved and carefully and cautiously put forward with the endorsement of DELWP and governing wildlife bodies to ensure the safety of the animals and trees alike.

FUTURE OUTLOOK

Environmental Sustainability

The 2020/21 financial year will provide an opportunity for data to be captured on several sustainability projects completed over the last couple of years, in particular the effectiveness of energy efficiency measures and the impact of solar installations at various locations across the Shire. Other planned projects include the installation of a sophisticated solar monitoring and repeating system enabling a real-time aggregate view of all solar systems operated by Council.

Closed Landfill Management

Council is due to undertake s53V landfill audits at Bruce Street landfill and Alvie landfill this year. Council will review and update the Alvie landfill rehabilitation plan for EPA verification.

Emergency Management

Council actively engaged with communities to better understand their strengths and weaknesses to helping decision making before, during and after emergencies. There are further opportunities through cross council collaborations (with Surf Coast and Corangamite Shires) to engage with communities in fire and other emergencies.

Through the Community Based Emergency Leadership Program, Council will be able to run community based scenarios and community based leadership courses in 2020/21.

Proactive Scheduling of Programmed Works

Proactive scheduling of programmed works will allow Services and Operations to continue to move forward. Working collaboratively with the Projects and Assets team to provide a pre-emptive program will see an improvement in the quality of our systems and network assets. The focus on the 'customer' is at the forefront of Council's mind, both internally and externally. Emphasis in providing a safe, user friendly and aesthetically pleasing network is important to provide the best customer, resident, business owner and tourist experience we can possibly provide.

Installation of Irrigation System

An irrigation system is set to be installed in the Colac Botanic Gardens to provide a water source to ensure the survival of our heritage listed trees. This system will replace an outdated irrigation system and eliminate the need for manual watering.

PROGRESS AGAINST THE COUNCIL PLAN

2.1 Assets and infrastructure meet community needs.

Develop and implement a Property Strategy.

The Strategy Framework has been completed with a first draft of the strategy to be completed by end of July 2020.

10%

Develop and maintain constructive partnerships to access appropriate levels of funding, coordination, infrastructure and services.

Council will continue to maintain constructive relationships for the duration of the Council Plan. Strong relationships have been established with G21, Regional Development Victoria, VicRoads, Barwon Water, Southern Rural Water, Great Ocean Road Regional Tourism (GORRT), Great Ocean Road Taskforce, Parks Victoria, State and Federal Government Members of Parliament.

Ongoing

Conduct an ongoing program of service reviews to guide planning for infrastructure.

Council has adopted a program of detailed service reviews for the next three years. The program is reviewed on an annual basis and will be implemented subject to budget availability. A review of the Asset Management and Project Management areas within the Infrastructure and Leisure Services Division has been completed and reported to Council. Council is also proposing a review of Service and Operations in 2020.

Ongoing

Council to work with key stakeholders such as the Otway Coast Committee, the Apollo Bay Chamber of Commerce and Council with the aim of aligning strategic planning and advocacy efforts for Apollo Bay and district.

Council continues to work with key stakeholders for the duration of the Council Plan. The Mayor, available Councillors and the Chief Executive Officer meet monthly with the Chamber of Commerce and Otway Coast Committee to ensure open dialogue. Key collaborations in 2019/20 include support for Apollo Bay Boat Harbour renewal and development, response to coastal erosion and preparation for development of Community Infrastructure Plans.

Ongoing

2.2 Our places are managed for long term sustainability.

Update the Planning Scheme to reflect changing community needs and priorities.

Council adopted its four yearly Planning Scheme Review in March 2018. Consultant Glossop has drafted proposed changes to Council's Planning Scheme which give effect to this Review. The process of exhibiting an amendment has been delayed due to State Government reforms implemented in August 2018 which will require a translation of the current Municipal Strategic Statement in the Planning Scheme into the new State Planning Policy Framework before Council can exhibit changes to its policy framework. The translation is expected to be finalised mid-2020, followed by exhibition of a Council amendment. The Colac 2050 Growth Plan was finalised and implemented via Amendment C97 which was adopted by Council in August 2019, and is with the Minister for approval. When approved, this amendment will facilitate planning for expansion of residential zoned land to accommodate growth of Colac.

Ongoing

PROGRESS AGAINST THE COUNCIL PLAN

Ensure best practice guides planning and management of the natural environment and associated assets.

Environmental advice continues to be provided on planning applications, strategic planning matters and on Council's major projects to ensure best practice standards are being met. Recent advice has involved ensuring minimising environmental impacts associated with local developments and projects being undertaken by Council's Infrastructure Division.	100%
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2.3 Towns and places are welcoming and attractive.

Enhance the attractiveness of towns in the Shire for both residents and tourists/visitors.

Negotiations with Regional Roads Victoria to improve presentation of proposed roundabout at Lavers Hill. Negotiations with VicRoads for improved planting and landscape treatments to the eastern entrance to Colac as part of the Princes Highway duplication works. Development of draft designs for entry signage to Colac at eastern and western approaches. Completion of concept designs for the Barongarook Creek picnic area. Development of a concept design for a new regional play space at Colac's Memorial Square.	80%
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Advocate for improvements to public open space where the State Government is the land owner/manager.

A list of priority projects has been prepared identifying reserves and open space infrastructure improvements that Council will advocate for, where State Government is the land owner/ manager.	Ongoing
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Develop and implement a prioritised program to review and implement master plans, community infrastructure plans and structure plans for small towns across the Shire, including the City Deal project.

A Community Infrastructure Plan is being developed for Apollo Bay, Skenes Creek and Marengo that will identify future social, community and physical infrastructure needs. The Colac 2050 Growth Plan is complete, and Development Plans are being facilitated for residential growth areas in Colac West and Elliminyt (including the development of shared infrastructure plans), and industrial land at Forest Street, Colac. Future budget allocations will be required to review the structure plans for Birregurra and Forrest. Small town master plans are currently under review.	Complete
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Incorporate treatments into infrastructure standards that enhance community perceptions of safety.

Successful in gaining external funding for street lighting along the newly constructed Queens Street shared path. Advocacy for federal funding to complete safety improvements on Wilson Street, Colac to improve school crossing. Installation of guard rails and other safety treatments at a range of locations. Advocacy with MTIA to improve safety of cycling connections on Murray Street at the Barongarook Creek bridge. Commissioning a Road Safety Audit of the Aireys and Main Streets intersection. Progressing planning and design for installation of wombat crossings at Collingwood Street, Apollo Bay, subject to funding.	60%
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Maintain parks and gardens, sports reserves and streetscapes.

A program of works has been scheduled for parks, open space, reserves and trees. This is done on a three scale service level Q1-3, where Q1 is the highest standard. Monthly routine cleaning of the CBD footpaths in Colac has been introduced. Apollo Bay CBD footpaths are cleaned bi-annually and by exception throughout the year.	Complete
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PROGRESS AGAINST THE COUNCIL PLAN

Support enjoyment of outdoor experiences through the provision of a network of quality open spaces, including paths and trails.

Projects which were successful in receiving Council and external funding continue to be implemented. Those projects include: Memorial Square play space, velodrome resurfacing at Elliminyt Recreation Reserve, oval improvements at Western Reserve, and Central Reserve Netball Court redevelopment and lighting upgrade. Funding applications were submitted to Sport & Recreation Victoria for consideration including: City Reserves Planning and site specific master plans; Elliminyt Recreation Reserve Oval Lighting Upgrade; Cororooke Open Space Masterplan Implementation Stage 1 - path and play space; and Birregurra Recreation Reserve Oval Lighting Upgrade.

Detailed design is currently being finalised for upgrade of the Forrest Mountain Bike Network, with construction work to be undertaken in 2020/21.

Complete

Evaluate the feasibility of a regional wet waste facility to manage waste from road and drainage maintenance.

Under a new formal agreement with landholders, recovered material from road side collection is now repurposed with land owners. This practice has been introduced as an alternative to a wet waste facility.

Complete

Continue to support the Apollo Bay community's advocacy for the development of a public indoor heated swimming pool in Apollo Bay.

Pool construction nearing completion. Agreement for ongoing Council financial support has been executed.

Complete

Work with our community to protect amenity values in our places through strategic compliance action and animal management that is focused on ensuring education, safety and liveability.

Work continues to ensure animals are registered and wandering animals are managed appropriately.

Ongoing

2.4 Leadership in natural environment through good management practices.

Ensure best practice guides planning and management of the natural environment and associated assets, and Council's response to climate change.

Environmental advice continues to be provided on planning applications, strategic planning matters and on Council's major projects to ensure best practice standards are being met. Recent advice has involved ensuring minimising environmental impacts associated with local developments and projects being undertaken by Council's Infrastructure Division

Complete

Advocate and drive discussion to minimise coastal erosion in partnership with other stakeholders, implement measures to assist climate adaptation and protection of the Great Ocean Road.

Council continues to seek funding for the second stage of the Local Coastal Hazard Assessment, but at this stage funding has not been secured. However, Council has been advocating for more funding to be provided to help manage the current erosion hot spots. Department of Environment, Land, Water & Planning (DELWP) have allocated \$3M to help address erosion along the coast in the Apollo Bay and Marengo region.

Complete

PROGRESS AGAINST THE COUNCIL PLAN

Improve the health and sustainability of the natural environment through structured planning with our partners.	
Council continues to work with various other government agencies and community groups to improve the environment. Recent examples include working with DELWP on coastal erosion, Barwon Water on the Colac and Regional Renewable Organics Network and with councils from across south western Victoria on the formation of a new Greenhouse Alliance.	Ongoing
Deliver localised planning to communities to reduce fire risk.	
Community events were undertaken in the lead up to the 2019-2020 fire season in Apollo Bay, Wye River, Forrest, Beech Forest, Barwon Downs and Gellibrand. These events focused on the location of Neighbourhood Safer Places and the need for people to develop personal bushfire plans that focus on the safety of themselves and their families.	Complete
Implement emission reduction programs for Council operations.	
Work continues toward achieving the Carbon Neutral Target in 2020. In recent times more efficient heating and cooling systems have been installed at Bluewater and COPACC. Further upgrades of Council's street lights has commenced and solar panels have been installed on the Colac Community Library and Learning Centre. In addition, Council has endorsed the purchase of 100% Green Power which will mean that all electricity purchased by Council comes from renewable energy sources which produce no emissions.	Complete
Enhance the level of resource recycling and reuse across the Shire.	
Council has enhanced the use of recovered or reusable materials. Wood chips from tree maintenance is used on garden beds and surplus amounts are made available to community groups for mulching. Road materials recovered from asphalt renewal projects is repurposed in high maintenance areas on gravel roads. Recovered bitumens material from Regional Roads Victoria is used by Colac Otway Shire on local roads. Colac Otway Shire collect printer cartridges, mobile phones, CDs and DVDs for recycling. E-waste is also gathered for recycling.	Complete
Enhance and protect biodiversity through weed control and revegetation.	
The 2019-2020 Environmental Weed Control Program has been delivered. Target weeds include Boxthorn, Broome, Gorse, Blackberry and Spanish Heath. In addition, Council is managing a grants program for private landholders to manage pest plants and animals, with funds provided through a \$200,000 Federal Government Grant.	Complete
Implement Council's Climate Adaptation Strategy.	
Council continues to undertake actions in accordance with Council's Climate Adaptation Plan. Funds were obtained from DELWP to develop landslide risk mitigation plans for Grey River, Kennett River and Skenes Creek. These plans have been completed and are now being used as the basis for seeking further funding to help make these towns more resilient to landslides.	Complete

PROGRESS AGAINST THE COUNCIL PLAN

2.5 Delivery of our capital works program.

Develop a system of capital allocations based on Asset Management Plans.

Draft Asset Management Plans developed for Transportation and Buildings assets which outline the system for allocating capital resources. These two asset categories account for 75% of Council's asset portfolio by value. Draft Asset Management Plans commenced for Open Space and Drainage. Draft Asset Management Strategy development and policy review 60% complete.

75%

Develop a project management framework, covering proposals, planning and delivery.

Project Delivery Procedure Manual developed as a framework for guiding project proposals, planning and delivery. CAMMS Project implemented to track progress against individual projects. New project plan template developed to ensure accurate pre-planning, estimating and scoping is undertaken prior to delivery of projects or seeking funding. Development of a 'Funding Ready' and 'Shovel Ready' definitions and workflow to prepare projects for external funding and business cases.

Complete

Develop a capital works reporting framework.

Completed. Monthly capital works report is implemented.

Complete

Deliver the annual capital works program.

Capital works program delivered 90% at end of financial year 2019/20, with remaining works committed.

Ongoing

2.6 Emergency management is coordinated locally and on a regional basis.

Community based planning to build local understanding and preparedness for emergency events.

Community events were undertaken in the lead up to the 2019-2020 fire season in Apollo Bay, Wye River, Forrest, Beech Forest, Barwon Downs and Gellibrand. These events focused on the location of Neighbourhood Safer Places and the need for people to develop personal bushfire plans that focus on the safety of themselves and their families.

Complete

Education, joint planning and preparations undertaken to prepare for climate related threats and emergencies.

Various training has been undertaken by Council staff in relation to managing Emergency Relief Centres and providing leadership during emergency events. A large Emergency Relief Centre Exercise was undertaken in October with Corangamite and Surf Coast Shires to help staff put their training into practice. Further training is being organised for staff in 2020 to further enhance Council's capacity to respond to emergency events.

Complete

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Roads					
Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	12.57	15.95	23.24	28.50	More processes have been incorporated into the customer request system to streamline the workflows and systems required to attend to the customers within a reasonable time period
Condition Sealed local roads maintained to condition standards [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	95.87%	93.58%	93.73%	93.11%	This is determined by condition of assets, budget available and inspector's recommendations which can vary. The total kilometres of sealed roads owned by council has increased from donated assets and reconstruction this year which affects the ratio of this indicator.
Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$30.20	\$52.61	\$41.06	\$51.70	The result of this indicator can fluctuate each year depending on location, nature and extent of each reconstruction project. Binns Road, Beach Forest was a large project in 2019/20 that was both remote and undulating terrain.
Service Cost Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$6.19	\$5.99	\$5.40	\$5.14	Council initiated a 3 year contract for sealing works. The winning contractor may have priced works more keenly to win the contract. In any given year the average unit rate will fluctuate, influenced by the relative proportion of works requiring different sizes of aggregate, 7mm reseals being cheaper than other sizes. Also, jobs which are longer on average will contribute to greater productivity, and thus potentially lower costs.
Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	42.00	39.00	42.00	44.00	The Services and Operations team has continued their focus on "Fix it first time" and has shown a determination to react to problems more quickly. Its compliance with the response times contained in the Road Management Plan improved into the high 90's during the year.

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Waste Collection					
Satisfaction Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	100.05	58.69	69.92	68.36	These requests include the following: 181 Missed bins requests, 217 new service requests, 83 reporting lost bin requests and 225 bin repair requests.
Service standard Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	6.35	2.30	2.13	1.63	This includes 83 missed red garbage bins, 61 missed green organics bins and 37 missed yellow recycle bin requests. These results are due to local contractors completing the same runs each week and community compliance with placing bins out the night before.
Service cost Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$134.63	\$140.36	\$138.96	\$141.50	
Service cost Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$36.15	\$37.74	\$45.44	\$61.21	This indicator has increased significantly, due to 2019/20 being the first year where Council was required to pay for the disposal of recycling, rather than receive revenue for its sale.
Waste diversion Kerbside collection waste 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	47.09%	47.79%	52.06%	60.38%	The increase in waste diverted from landfill is due to better source separation at the kerbside and the extra weekly collection of green organics in October/ November and yellow recycling bins during Christmas school holiday period.



Forrest

THEME THREE - OUR COMMUNITY

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

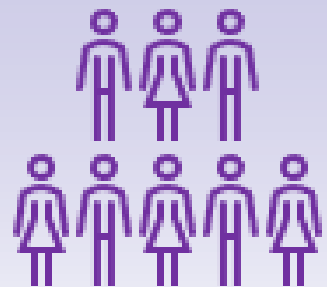
THE IMPORTANCE OF OUR COMMUNITY AS A THEME

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

SIX STRATEGIES CONTRIBUTE TO ACHIEVING OUR GOAL

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

Key highlights for projects and activities linked to Our Community begin on page 56



OUR COMMUNITY

SERVICES CONTRIBUTING TO OUR COMMUNITY

The following services/activities were funded in the 2019/20 budget and contribute to achieving the goals and strategies for this Theme:

Service Area	Description of Service	Net Cost Actual <u>Budget</u> Variance \$000
Arts and Culture	Management and provision of arts and cultural services to the community. This service is responsible for the running of the Colac Otway Performing Arts and Cultural Centre.	613 <u>637</u> (24)
Recreation	Provides for active community involvement and the promotion of healthy lifestyles by providing for suitable sporting and recreational facilities.	222 <u>234</u> (12)
Bluewater Leisure Centre	Active promotion of a healthy lifestyle for our community by directly providing swimming and gymnasium facilities.	1,019 <u>818</u> 201
Local Laws	Contributes to community safety and health by providing a framework for behaviours which affect our community wellbeing.	415 <u>434</u> (19)
Public Health	Encourages a healthy and safe lifestyle by actively promoting and policing public health issues.	330 <u>364</u> (34)
Older Person and Disabilities	Supports older and disabled members of our community to sustain quality of life.	57 <u>245</u> (188)
Children and Family Services	Supports our children, families and youth to encourage and future their growth and development.	288 <u>183</u> 105
Library Services	Provides resources and oversight to the Corangamite Regional Library Corporation for the provision of information, education, recreation and for the enrichment of the community.	703 <u>716</u> (13)

OUR COMMUNITY

HIGHLIGHTS

Morning Music

It's obvious that the COPACC Morning Music program hits the right note with our community, with shows averaging 87% capacity in the Auditorium - that's almost 300 patrons attending each of these quality performances, plus the complimentary morning tea in the gallery foyer before the show. Stand-out favourites for this year were Silvie Paladino with *The Songs of Eva Cassidy*, and the end of year spectacular starring the hilarious and always surprising Denise Drysdale.



Silvie Paladino

Otway Coast Regenerative Farmers Conference

We were delighted that COPACC was chosen by Otway Coast Regenerative Farmers to host the inaugural *From the Ground Up: Growing Regenerative Agriculture in Corangamite* conference in September. This sell-out conference attracted participants from across Australia with 180 delegates attending across three days.

Business Awards

The last Saturday in October saw the COPACC precinct transform for the Colac & District Chamber of Commerce & Industry's night of nights - the now biennial Business Awards. A packed house of 310 guests from across the Colac district, comprising award nominees, local businesses and corporate sponsors including the Colac Otway Shire, celebrated and recognised stand-out business and community endeavours, from individuals and organisations, at which 14 prestigious awards were presented.

Beginning Steps program

Commencement of the Beginning Steps project which works closely with the Colac Aboriginal Gathering Place and other service providers to establish consistent maternal child health services, at the Gathering Place, increase engagement of Aboriginal children and families in Maternal Child Health services, increase engagement of Aboriginal community members accessing the Gathering Place and development of cultural information resource kits.

Swimming Club Agreement

Council and the Colac Swim Club signed a new longterm user agreement, which provides certainty to the future use of Bluewater by the club.

Attendance

Bluewater Centre attendances increased during the year prior to the unexpected closure in March due to COVID-19 restrictions.

New Apollo Bay Kindergarten

Following many years of advocacy, Council was pleased to secure funding for the development of a new 66-place Kindergarten in Apollo Bay. This provides an opportunity to integrate with the Apollo Bay College by co-location and gives a permanent space for Maternal Child Health which is linked to the provision of early years' services.

Aged Care Services

The announcement of the continuation of funding for the provision of the Commonwealth Home Support Program and Regional Assessment Services was welcome news by Council. Funding has been extended to 30 June 2022.

There has been a continuing increase in the provision of Home Care Packages across the Shire in 2019/20.

Maternal Child Health

Council's Maternal Child Health service introduced a Sleep and Settling Program and extended its outreach services.

Local Laws Officer

In order to better service the municipality, an additional Local Laws Officer was employed to provide (in the main) a regular and more thorough service to coastal areas. The provision of this service commenced mid December 2019 and resulted in a Local Laws Officer providing service to the area, to a minimum of 5 days per week. Feedback from local residents and businesses was positive and was shown to be a necessary improvement in service delivery.

Federal Funding for Recreation Projects

Funding announcements from the Federal and State governments for local community recreation projects including upgrades to the Central Reserve Oval Lighting and Netball Courts Redevelopment, Elliminyt Recreation Reserve Velodrome Resurfacing and memorial Square Playspace Upgrades.

OUR COMMUNITY

CHALLENGES

COVID-19 Affect on our Service Delivery to the Community

The COVID-19 pandemic has impacted how Council delivers services as well as the ability for community organised activities to operate.

With the arts, culture and entertainment industries hit particularly hard, COPACC's doors were closed temporarily on 23 March. The COPACC team, like many business teams across the Colac Otway Shire has been affected by reduced hours, redeployment and temporary stand downs.

The impact of the Bluewater Centre closure due to COVID-19 and subsequent staged re-opening has been significant and challenging. Planning and implementing facility access with patron number restrictions and implementing strict hygiene practices added significant workload for the staff.

The 2020 winter sporting competition season has been severely impacted by the COVID-19 pandemic and restrictions also. These impacts will be felt for a number of years at both club and volunteer level.

Another challenge has been ensuring that our community continues to receive all of council's services, through our Older Persons and Ability Support Services department, while maintaining the safety of the community and the staff during the pandemic.

The pandemic continues to impact on the manner in which Local laws officers are able to perform their duties and the availability of suitable vehicles hindered officer's ability to effectively provide a continued service to all areas of the municipality.

Given the unknown duration of COVID-19 and ongoing impacts, Council will need to continue to be adaptable in order to provide the best service possible under the current restrictions and impact of COVID-19.

FUTURE OUTLOOK

Review of the Domestic Wastewater Management Plan

The Health Protection team will be reviewing the Domestic Wastewater Management Plan that was adopted by Council in 2015. The Plan is a legislative requirement to ensure the ongoing appropriate management of on-site wastewater treatment systems for development in unsewered areas of the Shire. It has a particular focus of protecting the water quality in the Shire's Declared Water Supply Catchments. The review will consider actions undertaken during the life of the current plan, and identify priorities for wastewater management in the coming years. The current plan is an important support for Council to be able to apply more flexible planning policy in the water catchment areas, overcoming restrictions that inhibited development prior to 2015.

Supporting Regulated Businesses through COVID-19

The Health Protection team will be working closely with operators of cafes, restaurants, hairdressers, accommodation, caravan parks, tattooists and the like to ensure that they are aware of COVID-19 restrictions on the way they operate and are supported through the difficult period of restricted operations in response to the pandemic. It is critical that these businesses are kept up to date with ever evolving change to State mandated restrictions, and social distancing and hand hygiene requirements. Annual registration fees for these businesses have been waived by Council for the 2020/21 year to financially assist them.

Development of Digital Platforms

The development of digital platforms that augment service delivery is providing the capacity to engage with a broader section of the community. These platforms will continue to be enhanced and adapted. Work is also being done to develop new and different ways to engage with our community.

Library Service

In June 2020, Council resolved to transfer the provision of its library services from the Corangamite Regional Library Corporation to the Geelong Regional Library Corporation. The transition of services will occur over the course of the 2020/21 year, with the Geelong Regional Library Corporation as the new service provider commencing on 1 July 2021. Council acknowledges the wonderful service provided by the Corangamite Regional Library Corporation over many years. However, due to a number of factors including Warrnambool City Council's decision to withdraw from the Corangamite Regional Library Corporation, Council made the decision that its library services would best be provided into the future by the Geelong Regional Library Corporation. The Geelong Corporation has a proven track record of providing high quality library services to its member Councils, and Colac Otway Shire is excited by the opportunities this provides for our community.

PROGRESS AGAINST THE COUNCIL PLAN

3.1 Increase social connection opportunities and community safety.

Support community organisations through the community grants program.

Annual Community Grants Program delivered.

Complete

Support community clubs, groups and associations to provide welcoming and inclusive environments for all members of our community within Council facilities.

Council's COVID-19 Community Support Working Group is working with community organisations and service providers to ensure individual support systems are in place and advice is provided in regards to compliance with COVID-19 restrictions. Information has been provided to organisations on the changes in the *Local Government Act 2020*. Changes to community engagement are currently being reviewed in line with the *Local Government Act 2020* and planning for the development of a Community Vision has commenced.

There is continued participation in committees and groups such as: The Gathering Place; Colac Multicultural Committee; Barwon Neighbourhood House Network; and, Positive Ageing Ambassadors.

Ongoing

3.2 Connect people through events and activities.

Provide grant programs to involve local people in activities that facilitate their health, wellbeing and enjoyment.

Annual Community Grants Program delivered.

In addition to the Community Grants Program, Council's Economic Development Department has designed a business support package which provides additional one-off grant schemes to this year's program to help businesses adapt and survive the COVID-19 pandemic.

Ongoing

Supports community activities through information dissemination and planning information.

Relevant information is communicated to our community organisations on a regular basis through a range of communication mediums.

Relevant COVID-19 information has been, and will continue to be, distributed to clubs following government advice from March 2020.

Ongoing

3.3 Opportunities for the community to participate in lifelong learning.

Provide opportunities for lifelong learning and community connections through library programs.

Council has determined to withdraw from the Corangamite Regional Library Corporation (CRLC) and join the Geelong Regional Library Corporation from July 2020. Council is currently working through the transition process which will provide longer term benefits for our community.

Regular attendance at the CRLC Board Meetings continues.

Ongoing

Support for community groups.

Support for community groups continues through direct contact, workshops and forums and information provision.

Relevant COVID-19 information has been, and will continue to be, distributed to clubs following government advice from March 2020.

Ongoing

PROGRESS AGAINST THE COUNCIL PLAN

3.4 Provision of resources to support physical activity by the community.

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

Bluewater continued to provide a high level service through a variety of health and wellbeing programs. Visitation increased prior to the closure brought on by COVID-19 restrictions.	Complete
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Build capacity of local sports groups in promoting healthy eating and physical activity.

A number of workshops and forums are held annually with sports clubs. Officer's work with clubs and associations on a regular basis assisting with building capacity to increase participation, e.g. Responsible Serving of Alcohol training.	Ongoing
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Encourage more people to participate and be inclusive of others.

Regular engagement with community, clubs and associations to promote inclusive environments. Continued participation in committees and groups such as; The Gathering Place, Colac Multicultural Committee, Barwon Neighbourhood House Network and Positive Ageing Ambassadors.	Ongoing
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Participate in the G21 Healthy Eating and Active Living regional priority project.

Council is working in partnership with Colac Area Health and Deakin University on a childhood obesity project. Council staff are monitoring the health and wellbeing of more than 600 community members who receive services from Older Person Ability Support Services, through current COVID-19 restrictions.	Ongoing
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Consider health of the community when formulating policy for Council's Property Strategy.

A reference to community health is included in Council's Property Management Framework. Developing a process to cohesively work with service managers.	50%
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3.5 Foster an inclusive community.

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

Continue to work with the Aboriginal community, Eastern Maar, State Government, Deakin University and service providers on the Beginning Steps Project. Council assisted the Gathering Place to establish COVID-19 testing and flu shot programs for the Aboriginal community. Changes to Community Engagement are currently being reviewed and information is being provided to groups following the introduction of the new <i>Local Government Act 2020</i> , planning for the development of a Community Vision has commenced.	Ongoing
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3.6 Community planning informs provision of Council services and social infrastructure.

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

Asset Management plans for Public Halls infrastructure have been developed.	Ongoing
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Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Aquatic Facilities					
Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.00	1.00	1.00	1.00	This is consistent with core business targets.
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	6.08	5.01	4.60	5.17	Numbers were trending upward until COVID closed the centre on March 23. Re-opening June 1 for pool only (20 people at a time) and June 22 for Gym (20 people at a time) restricted the upward trend significantly.
Service cost Cost of aquatic facilities [Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]	New in 2020	New in 2020	New in 2020	\$5.41	<i>Note: From 2020, this measure replaced two previous measures: 'Cost of indoor aquatic facilities' and 'Cost of outdoor aquatic facilities', see retired measures.</i>
Retired Aquatic Indicators					
Service cost Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$1.91	\$1.62	\$4.74	Retired in 2020	<i>This measure was replaced by AF7 from 1 July 2019.</i>
Cost of outdoor aquatic facilities [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$24.27	\$16.98	\$30.80	Retired in 2020	<i>This measure was replaced by AF7 from 1 July 2019.</i>
Animal Management					
Timeliness Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.00	1.00	1.00	1.00	This achievement is consistent with core business targets.

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Service standard Animals reclaimed [Number of animals reclaimed / Number of animals collected] x100	55.19%	77.63%	74.52%	48.62%	A significant increase in animal registrations in 2019/20 has resulted in less animals being impounded. This figure does not include animals collected whose owners can be identified via registration, resulting in the animal being returned home without being impounded. Due to COVID-19 Pandemic it has been noted that more persons are exercising and walking their dogs, which has resulted in a reduction in the number of dogs wandering at large.
Animals rehomed [Number of animals rehomed / Number of animals collected] x100	New in 2020	New in 2020	New in 2020	42.46%	<i>Note: New measure for 2019-20 financial year.</i>
Service cost Cost of animal management service per population [Direct cost of the animal management service / Population]	New in 2020	New in 2020	New in 2020	\$15.98	<i>Note: This measure is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals, see retired measures</i>
Health and safety Animal management prosecutions [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	New in 2020	New in 2020	New in 2020	100.00%	<i>Note: This measure is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion, see retired measures.</i>
Retired Animal Management Indicators					
Service cost Cost of animal management service [Direct cost of the animal management service / Number of registered animals]	\$55.79	\$58.57	\$64.28	Retired in 2020	This measure was replaced by AM6 from 1 July 2019.
Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	10	6	4	Retired in 2020	This measure was replaced by AM7 from 1 July 2019.
Food Safety					
Timeliness Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.30	2.00	2.32	1.41	Decrease due to development and implementation of improved complaint handling process.

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Service standard Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	64.26%	100.00%	95.02%	101.24%	All food class 1 and 2 premises where inspected in 2019 calendar year. Some premises were closed after an inspection was undertaken, resulting in over 100% compliance.
Service cost Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$459.78	\$402.10	\$501.48	\$468.48	Overall cost of service reduced due to implementation of several operational efficiencies including mobile computing.
Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	81.25%	100.00%	94.74%	97.50%	High result consistent with 2018/19 performance, reflecting focus given by staff to this task. 39 of the 40 notifications had been followed up by 30 June 2020.
Libraries					
Utilisation Physical library collection usage [Number of physical library collection item loans / Number of physical library collection items]	4.86	4.68	4.32	3.51	The Corangamite Regional Library Corporation closed its Library branches from 23 March 2020 to 9 June 2020, in response to the COVID-19 pandemic. Branches were reopened from 10 June 2020 with limited operating hours and time limits on visits Note: From 2019/20, this indicator measures the performance of physical library items as a subset of the wider library collection.

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Resource standard Recently purchased library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	74.50%	68.18%	69.03%	66.40%	Reflective of unchanged Collection Budget allocation compared with previous years.
Participation Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	16.70%	16.04%	14.99%	15.45%	Active borrowers of physical collections are lower in 2019/20 due to the closure of Library centres between 23 March 2020 and 9 June 2020, in response to the COVID-19 pandemic. Despite this, borrowing figures have increased slightly due to active borrowers of E-resources being included this year for the first time.
Service cost Cost of library service per population [Direct cost of the library service / Population]	New in 2020	New in 2020	New in 2020	\$32.59	<i>Note: This measure is replacing the previous 'Cost of library service' indicator which measured based on number of visits, see retired measures.</i>
Retired Library Indicator					
Service cost Cost of library service [Direct cost of the library service / Number of visits]	\$6.39	\$5.96	\$6.38	Retired in 2020	This measure was replaced by LB5 from 1 July 2019.
Maternal and Child Health (MCH)					
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	100.41%	99.54%	100.91%	99.57%	Consistent high enrolment rate.
Service cost Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	\$68.86	\$72.85	\$81.94	\$68.33	New funding received from DHS for EFT for the Enhanced program and sleep and settling initiatives, which will be utilised in October 2020. Delays in recruiting due to Covid-19 impacts. This will increase nursing hours

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Participation Participation 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	69.68%	70.85%	74.44%	55.23%	Following advice from DHHS to Maternal Child Health Services in response to the COVID-19 pandemic, priority was placed on visits for babies 0-8 weeks old during the last quarter of 2019/20. This has resulted in a drop in attendance from older children who were otherwise well.
Participation Participation in the MCH service by Aboriginal children [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	60.38%	66.67%	58.33%	55.26%	Less identified Aboriginal families in the last financial year. This result is based on small numbers of enrolled children.
Satisfaction Participation in 4-week Key Age and Stage visit [Number of 4-week key age and stage visits / Number of birth notifications received] x100	New in 2020	New in 2020	New in 2020	88.09%	Ideally a 90% participation would be expected but some families have cancelled appointments in the last quarter due to Covid-19 concerns.
Retired MCH Indicator					
Satisfaction Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x100	95.5%	100.5%	98.2%	Retired in 2020	This measure was replaced by MC6 from 1 July 2019.



OUR LEADERSHIP & MANAGEMENT

Birregurra

THEME FOUR - OUR LEADERSHIP & MANAGEMENT

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

THE IMPORTANCE OF OUR LEADERSHIP & MANAGEMENT AS A THEME

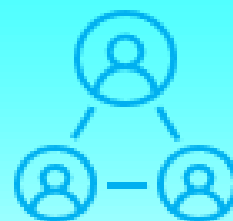
There are many demands on the resources of the Colac Otway SHire. The major source of income, ratepayer funds, has been constrained through the introduction of rate capping by the State Government and an increasing challenge for the community to continue to afford rate increases.

The environment of the shire is attractive and well-recognised. Its diversity also results in involvement by many authorities and stakeholders, creating the need for partnerships and clarity about the role of the Shire. Incidents such as bushfire, floods and more recently COVID-19 impact on the community and draw a significant amount of organisational resources, both in emergency responses but also in longer term planning and support to the community. It is expected that fire and flood events will be more common as climate change accelerates.

FIVE STRATEGIES CONTRIBUTE TO ACHIEVING OUR GOAL

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

Key highlights for projects and activities linked to Our Leadership & Management begin on page 68



OUR LEADERSHIP & MANAGEMENT

SERVICES CONTRIBUTING TO OUR LEADERSHIP & MANAGEMENT

The following services/activities were funded in the 2019/20 budget and contribute to achieving the goals and strategies for this Theme:

Service Area	Description of Service	Net Cost Actual <u>Budget</u> Variance \$000
Councillors and Chief Executive Office	This area of governance includes the Mayor, Councillors, Chief Executive, Governance and Communications and associated support which cannot be easily attributed to the direct service provision areas.	1,563 <u>1,563</u> 0
Finance, Property and Rates	Generation of revenue for Council via rates, levies and charges and provision of sustainable and accountable financial management of Council's resources.	(5,041) <u>(1,997)</u> (3,044)
Customer Service	Provides the first point of contact between Council and the public through Council's Customer Service Centres. The service provides overall corporate customer service to the wider community and assists all areas of Council with the provision of corporate responsibility.	422 <u>478</u> (56)
Corporate Services Management	Maintenance of strong governance and administrative systems and ensuring that these systems are responsive, accountable and transparent to internal users and community needs.	367 <u>376</u> (9)
Procurement and Contracts	Provides oversight and governance on contractual and procurement services undertaken by Council.	248 <u>307</u> (59)
Information Services	Management and governance of information flows, storage and retrieval within the organisation in accordance with appropriate legislation and standards.	2,328 <u>3,053</u> (725)
People and Culture	Develops a culture of high performance, productivity and accountability across the organisation.	726 <u>885</u> (159)
Risk Management Services	Identifies records and manages all business risk associated with Council's activities. This service also manages Council's insurance portfolio.	829 <u>693</u> 136

OUR LEADERSHIP & MANAGEMENT

HIGHLIGHTS

New Local Government Act

The *Local Government Act 2020* (the Act) received Royal Assent on 24 March 2020. The Act replaces the *Local Government Act 1989* and aims to improve democracy, accountability and service delivery for all Victorians. The principles that guided the development of the new Act are community engagement, strategic planning, financial management, public transparency and service performance. The transition to the Act is occurring in a number of stages and it will be fully implemented by 30 June 2022.

Audio Recordings of Council Meetings

To give the public greater access to the decision making process of Council, the audio recording of each Council meeting has been made available via Council's website since 13 November 2019. The audio recordings are loaded to the website as soon as is practicable following the meeting.

Live Streaming of Council Meetings

Live streaming of Council meetings in response to the COVID-19 pandemic and State Government restrictions on

Gold Award

Colac Otway Shire achieved a Gold Award for the 2018/19 Annual Report, in the 2020 Australasian Reporting Awards.

Workplace Equality and Respect Working Group

In July 2019 a Workplace Equality and Respect Working Group, consisting of 20 staff, was established. A Gender Equity survey was delivered to staff and the results will inform the creation of a Gender Equity Strategy and Action Plan.

Workplace relations

Council successfully re-negotiated the Colac Otway Shire Council Enterprise Agreement which expired on 31 August 2019. In developing the new agreement to determine future working conditions for Council staff, six negotiation workshops were held with representatives from the Australian Services Union, Australian Nursing and Midwifery Federation, and Professionals Australia along with self-nominated staff bargaining representatives and management. Approval by Fair Work Australia of the new agreement was confirmed in November 2019.

What We Stand For – Values Review

This year the Colac Otway Shire collaboratively involved Councillors and staff in an organisation wide review of its values and behaviours. In March, all staff and Councillors were invited to participate in the project called What We Stand For. Workshops were designed to engage participants in a discussion and a distilling process to define a set of organisational values and behaviours.

Participation numbers were encouraging and resulted in constructive and positive contributions by all participants. A launch of the revised organisational values and behaviour will occur in the second half of 2020.

CHALLENGES

Organisations Response to COVID-19

The organisation needed to adapt quickly to the changing workplace as a result of COVID-19. The People and Culture team assisted the organisation with enacting their business continuity plans, supporting the transition to work from home as well as develop and promote wellbeing resources to assist employees manage their mental health during the pandemic.

Closure of Indoor Venues

With the restrictions imposed by the State Government on social distancing and the subsequent closures of indoor venues, our Bluewater, COPACC, Customer Service and our Visitor Information Centres were closed in March. At a time of uncertainty for our employees, the organisation responded by identifying redeployment opportunities for the majority of the displaced employees.

FUTURE OUTLOOK

Implementing the *Local Government Act 2020*

In the year ahead we will begin to realise the anticipated benefits of the continued implementation of the *Local Government Act 2020* which is a principles-based Act, rather than a prescriptive Act.

Council Elections

In October 2020 Victorians will express their democratic right to voting in local government elections. We look forward to welcoming a new Council and enabling a smooth transition by delivering a comprehensive induction program following the election.

Worklife after COVID-19

As the way we work has been significantly changed by the Coronavirus pandemic, the People and Culture team will continue to implement processes and policies to maximise the benefits that have been identified and practiced during the pandemic. In addition Council will continue to work with government authorities to support local employment initiatives as the country recovers from the economic impacts of COVID-19. This includes the ongoing participation in the Working for Victoria Program and increasing the engagement of Trainee's and Apprentices within the organisation.

PROGRESS AGAINST THE COUNCIL PLAN

4.1 Effectively manage financial resources.

Manage the short and long-term financial sustainability of the shire through prudent financial management.

<ul style="list-style-type: none"> • Implementing 2019/20 adopted budget • Finance Business Partnering supporting managers in delivering the adopted budget and making informed business decisions. • Presented Council with assumptions for Strategic Resource Plan in December 2019 and January 2020. • Advocating for revenue increases to line with rate cap to ensure Council costs do not continue to outstrip increased revenue. • Have developed a Budget Development and Management Policy to guide Council in meeting its legislative responsibilities in relation to sound financial management principles. • In the process of developing a balanced budget for 2020/21. • Drafting a Statutory and Discretionary Reserves Policy for Council's consideration. This will assist in managing future obligations given expected cash flow challenges. • Work is continuing on the Long Term Financial Plan, which needs to be developed to meet the requirements on the newly adopted <i>Local Government Act 2020</i>. 	100%
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Maintain the 10 year long term financial plan.

Service plans for all the services provided by Colac Otway Shire have been extensively reviewed and updated for inclusion in the Long Term Financial Plan. Asset Management Plans are well advanced for inclusion and the planning for development of a Workforce Plan has commenced.	50%
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Identify new income opportunities.

Council will continue to identify new income opportunities for the duration of the Council Plan. Council has been successful in receiving substantial grant funds towards improvements at Memorial Square, Central Reserve and the Western Reserve in Colac. Council has been successful in securing funding of \$19 million to undertake the City Deal Program, fund harbour improvements at Apollo Bay, a walking/cycling trail between Wild Dog Creek and Skenes Creek, and toilet and parking improvements at Kennett River. The Victorian State Government has announced funding for an Early Years Centre in Apollo Bay.	Ongoing
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Maintain low risk audit rating for financial sustainability.

<ul style="list-style-type: none"> • Overall, the Victorian Auditor-Generals Office rated Colac Otway Shire low risk in relation to financial sustainability for 2018/19. • The following five financial sustainability indicators were rated low risk for the 2018/19 financial year: Net Result, Liquidity, Indebtness, Capital Replacement, Renewal Gap. • The following two financial sustainability indicators were rated moderate risk for the 2018/19 financial year: Adjusted Underlying Result and Internal Financing. • The current Strategic Resource Plan indicates that Council's financial sustainability will be in decline over the four year period, with a continual reduction in cash reserves. 	Complete
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PROGRESS AGAINST THE COUNCIL PLAN

4.2 Openness and accountability in decision making.

Ensure where ever possible decisions are debated and made in open Council meetings.

During the monthly review by the Executive Management Team of upcoming Council meeting reports, consideration is always given as to whether or not an item can be considered in open Council.	Ongoing
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Develop and implement a program of regular reporting on key activities to ensure they are focused on implementing priorities.

Improvements have been made to Council's reporting software following a review of the system and its capabilities. Internal monthly tracking reporting has been introduced on key services to identify trends, performance and early detection of potential risks to the organisation. The Quarterly Performance Report has been improved in the reporting of operational performance as well as more in-depth financial performance reporting.	Ongoing
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4.3 Organisational development and legislative compliance.

Support organisational development to ensure key organisational capability areas support the organisation to deliver on Council priorities.

The People and Culture Strategic Plan 2019-2021 year one actions are being implemented on a timely basis. Actions implemented as at 31 December 2019 include; Alignment and Engagement Survey actions following the 2019 pulse survey, the E-recruit system, 2020 annual learning calendar finalised, review of the Performance Evaluation System and policy review.	Ongoing
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Manage our risk exposure, including providing a safe working environment where "Work Health and Safety is everyone's business".

An audit of Council's OH&S policies, procedures and safe-work practices was conducted by Crowe Horwath in accordance with Australian Standard 4801. The 2020 OHS Strategic Work Plan has been developed, incorporating those actions (50%) which were unable to be finalised by December 2019. The commencement of the second round of OH&S Internal Audits was deferred and will recommence following investigation into other possible alternatives.	Ongoing
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4.4 Provide value for money services for our community.

Implement a program of ongoing service reviews to ensure our services are efficient and effective and are valued by the community.

Council has adopted a program of detailed service reviews for the next three years. The program is reviewed on an annual basis and will be implemented subject to budget availability.	Ongoing
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PROGRESS AGAINST THE COUNCIL PLAN

Enhance opportunities for increased local spending of Council expenditure.

The following programs planned for 2020 have been postponed due to COVID-19 restrictions.

- Tendering workshops
- Presentations to local suppliers from WorkSafe, Small Business Victoria, Procurement and Economic Development.
- Weekly meetings with local businesses to discuss market conditions, take on board feedback and improve communications.

On Hold

Develop partnerships to procure services and materials on a regional basis.

Working with South West Regional Procurement Excellence Network to discuss future opportunities for collaboration.

Ongoing

4.5 Communicate regularly with our community and involve them in decision-making.

Review the Community Engagement Policy to guide council decision making.

Officers had been awaiting the commencement of the *Local Government Act 2020* prior to reviewing the Community Engagement Policy.

Under the new Act, Council is required to adopt a Community Engagement Policy by March 2021, taking into consideration the Community Engagement Principles of the new Act. Work is to begin on this review with the new Council in late 2020.

Service / indicator / measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations & Comments
Governance					
Transparency Council decisions made at meetings closed to the public [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100	16.37%	17.86%	6.10%	8.11%	This value has increased slightly compared to the previous year. Please note that the 25 March 2020 Ordinary Council Meeting was cancelled due to COVID-19. Since April 2020, in response to the COVID-19 pandemic and in accordance with directions issued by the Chief Health Officer at the time of each meeting, Council meetings have been live streamed with no public gallery in attendance.
Consultation and engagement Satisfaction with community consultation and engagement Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement	46.00	55.00	54.00	55.00	This score indicates that the community's satisfaction with community consultation and engagement has remained relatively constant over the past three years.
Attendance Councillor attendance at council meetings [The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100	98.21%	97.14%	90.29%	92.48%	This score indicates that Councillor attendance at Council meetings is at a very high value. Councillors have physically attended Council meetings during the COVID-19 pandemic, with social distancing etiquette being observed.
Service cost Cost of elected representation [Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$39,185.69	\$41,116.71	\$42,300.86	\$44,852.14	The figures indicate that the cost of elected representation indicate a slight increasing trend.
Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	45.00	49.00	52.00	50.00	This score indicates that the community is slightly less satisfied with council decisions than the previous year.



DEMOCRATIC GOVERNANCE

Kennet River

DEMOCRATIC GOVERNANCE

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

Colac Otway Shire is constituted under the *Local Government Act 1989* and *Local Government Act 2020* to provide leadership for the good governance of the municipal district for the benefit and wellbeing of the community.

Council has a number of roles including:

- taking into account the diverse needs of the community in decision making
- providing leadership by establishing strategic objectives and monitoring achievements
- ensuring that resources are managed in a responsible and accountable manner
- advocating the interests of the community to other communities and governments

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

DECISION-MAKING PROCESS

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

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

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

RELATIONSHIP BETWEEN COUNCIL AND THE EXECUTIVE

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

COUNCILLOR CODE OF CONDUCT

The Councillor Code of Conduct was reviewed and adopted by Council on 27 February 2019. The code outlines the principles of good governance, guides Councillors' behaviour, accountability and dispute resolution between Councillors. All Councillors are expected to behave ethically and with integrity. The Code is available on Council's web site under Our Council.

CONFLICT OF INTEREST

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

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

During 2019/20, Councillors registered 16 conflicts of interest during Council Meetings and four in Council Planning Committee Meetings.

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

DEMOCRATIC GOVERNANCE

COUNCIL MEETINGS

In addition to Advisory and Committee meetings listed on page 20 the following Committees of Council are as follows:

CENTRAL RESERVE ADVISORY COMMITTEE

This meeting is held quarterly and facilitates communication between Council, park users and local residents about matters concerning planning, development, maintenance and operation of the reserve.

CHIEF EXECUTIVE APPRAISAL COMMITTEE

The CEO appraisal committee was established to review the performance of the CEO.

CHIEF EXECUTIVE RECRUITMENT SPECIAL COMMITTEE

The CEO recruitment special committee exists to meet as required to consider the appointment of CEO.

COLAC REGIONAL SALEYARDS ADVISORY COMMITTEE

This committee meets quarterly as required, to provide advice on the operations of the centre and make recommendations to Council.

FRIENDS OF THE BOTANIC GARDENS ADVISORY COMMITTEE

This committee meets monthly to undertake voluntary projects and to act as an advisory committee for Council.

LAKE COLAC CO-ORDINATING COMMITTEE

This committee meets quarterly and provides a forum to assist Council in the implementation of the Lake Colac Management Plan and the Lake Colac Master Plan and to advise Council on the revitalisation and development of Lake Colac.

CE EMPLOYMENT MATERS ADVISORY COMMITTEE

Meeting at least six monthly, the committee report to the Council and provide recommendations, appropriate advice, information and feedback on relevant matters.

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

- Apollo Bay Harbour EOI Project Control Group
- Australian Local Government Association
- Barnard Trust Committee
- Barwon South West Waste and Resource Recovery Local Government Forum
- Colac Community Library and Learning Centre Joint Use Committee
- Colac Otway Network of Community Centres
- Colac Road Safety group
- Community Hub Inc
- COPACC Trust
- Corangamite Regional Library Coporation.
- G21 Board
- G21 Pillar Membership
 - Arts and Culture
 - Economic Development
 - Education and Training
 - Environment
 - Health and Wellbeing
 - Planning and Services
 - Sports and Recreation
 - Transportation
- Lavers Hill & District Emergency Response Planning Committee
- Lavers Hill Swimming Pool Committee of Management
- Mooleric Road Quarry
- Municipal Aerodrome Committee - Colac
- Municipal Association of Victoria
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Planning Committee
- Old Beechy Rail Trail Committee
- Ondie Quarry Consultative Committee
- Otways Tourism Advisory Committee
- Port of Apollo Bay Consultative Group
- Rural Council of Victoria
- Rural Financial Counselling Service Vic - Wimmera Southwest (RFC)
- Tirrengower Drainage Scheme Committee of Management
- Weeds Consultative Committee
- Timber Towns Victoria Committee

DEMOCRATIC GOVERNANCE

No Special Committee Meetings were held in the 2019/20 year

The Ordinary Council Meeting scheduled for 23 March 2020 was cancelled due to the COVID-19 pandemic and Government imposed social distancing restrictions.

Councillor attendance at meetings:

Councillor	Ordinary Council	Special Council	Planning Committee	Councillor Briefing
Jason Schram (Mayor)	11/11	3/3	2/5	24/26
Joe McCracken (Deputy Mayor)	11/11	3/3	5/5	22/26
Brian Crook	10/11	3/3	4/5	25/26
Kate Hanson	10/11	3/3	4/5	20/26
Stephen Hart	11/11	2/3	5/5	24/26
Chris Potter	11/11	3/3	5/5	24/26
Chris Smith	9/11	3/3	5/5	1/26

COUNCILLOR SUPPORT AND REMUNERATION

The Councillor Support Policy provides a broad overview of how the Council provides assistance and support to the Mayor and Councillors in carrying out their roles and official duties. A copy of the policy is available for inspection, as required under section 75B of the *Local Government Act 1989*, and is also available on Council's website under Council Policies

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

The Councillor Support Policy contains provisions for reimbursement of expenses for training, registration fees for conferences and functions, travel and child care.

The following table set out the allowance paid to Councillors for the reporting period 2019/20.

Councillor	Allowance	Travel	Car Mileage Expenses	Information & Communication Technology	Councillor Total
Jason Schram (Mayor)	\$83,392	-	-	\$778	\$83,170
Joe McCracken (Deputy Mayor)	\$27,226	-	-	\$530	\$27,757
Brian Crook	\$27,226	\$520	\$2,324	\$1,020	\$31,090
Kate Hanson	\$27,226	-	\$1,775	\$784	\$29,785
Stephen Hart	\$27,226	\$1,323	\$5,638	\$290	\$34,476
Chris Potter	\$27,226	\$18	-	\$532	\$27,776
Chris Smith	\$27,226	-	\$1,715	\$206	\$29,147
Organisation Total	\$245,749	\$1,861	\$11,452	\$4,139	\$263,201

Travel includes amounts reimbursed to Councillors for travel for Council business and remote area travel allowances. It also includes any accommodation or other travel related expenses (i.e. fares) that have been reimbursed to Councillors.

DEMOCRATIC GOVERNANCE

The following table shows the IT equipment issued to Councillors for the reporting period 2019/20.

Councillor	Mobile Phone	iPad	Keyboard Case Ipad
Jason Schram (Mayor)	x	x	x
Joe McCracken (Deputy Mayor)	x	x	x
Brian Crook	x	x	x
Kate Hanson	x	x	x
Stephen Hart	x	x	x
Chris Potter	x	x	x
Chris Smith			

LOCAL LAW

The following local laws are in force:

No. 1 Consumption of Liquor in Public Places

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

No. 2 General Law

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

No. 3 Livestock Local Law

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

No. 4 Governance

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

POLICIES, STRATEGIES AND PLANS

The following policies, strategies and key plans were reviewed, endorsed and/or adopted by Council during 2019/20:

Election Period Policy

Adopted: 26 August 2020

Colac 2050 Growth Plan

Adopted: 28 August 2019

G21 and Cricket Victoria Barwon Regional Cricket Strategy

Adopted: 28 August 2019

Procurement Policy

Adopted: 27 November 2019

Forrest Common Master Plan

Adopted: 11 December 2019

Budget Development and Management Policy

Adopted: 29 January 2020

Re-Adoption of the 2017-2021 Council Plan

Adopted: 22 July 2020

Interim Live Streaming of Council Meetings Policy

Adopted: 22 April 2020

Investment Policy

Adopted: 22 April 2020

Fraud and Corruption Policy

Adopted: 27 May 2020

Assistance to Rates Debtors in Hardship Policy

Adopted: 24 June 2020

Residential Properties deemed to be Not Rateable as used for Charitable Purposes Policy

Adopted: 24 June 2020

DEMOCRATIC GOVERNANCE

AUDIT COMMITTEE

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

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

- The truth and fairness of the view given by the annual financial and performance statement of the Council.
- The Council's accounting policies and practices in accordance with current and emerging, accounting standards.
- The external auditor's performance.
- The independence and performance of the internal audit function.
- Compliance with legal and regulatory requirements and policies.
- Compliance with Council policy framework.
- Internal controls, the control environment and the overall efficiency and effectiveness of financial operations.
- The Council's overall risk management policy and programs.

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

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

Audit Committee Member	Attendance
Mr Mike Said Independent Member and Chairperson (EMES Consulting)	5/5
Mr Brian Keane (Brian Keane Consulting Pty Ltd)	5/5
Cr Stephen Hart	5/5
Cr Jason Schram	4/8

Mr Mike Said was reappointed Chairperson of the committee on 4 December 2019.

Cr Stephen Hart and Cr Jason Schram were appointed to the Committee at the Ordinary Council Meeting held on 27 October 2017.

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

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

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

Outcomes 2019-2020

- Development of an Audit Committee Plan for the Year
- Review and endorsement of the Financial Statements, Performance Statement and Audit Management Letters
- Review End of Year Financial Management report
- Reporting of Fraud Control Program
- Review of Quarterly Performance Reports to Council
- Reviewed the audit scopes, reports and recommendations of internal audit projects.

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

Council's Internal Auditor is Crowe Howarth.



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CORPORATE GOVERNANCE

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

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

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

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

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

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

COUNCIL PLAN

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

RISK MANAGEMENT

Risk Management has a high organisational profile, reinforced by a Strategic Risk Register which is reviewed and updated bi-annually by staff and monitored by the Risk and Audit Committee. The register guides and supports actions to manage Council's highest perceived risks with risks assessed to a standard consistent with ISO/AS 31000.

Prior to the onset of the current global pandemic, Council committed to an independent review of its business continuity planning in 2020/21. A desktop exercise was conducted this year to validate the effectiveness and relevance of our plans in regards to the test scenario, and whilst the plans proved well in supporting officers through this exercise, Council recognises the importance of continuous improvement and maturity in the way we provide critical services to our various stakeholders.

INSURING RISK

Council has placed particular efforts into evaluating its insurance program, working with our insurance broker to ensure that value for money is achieved whilst maintaining appropriate levels of cover relevant to our risk profile.

CONTRACTS

During 2019/20 Council procured building inspection services totalling \$234,946.37 including GST with one company without inviting a public tender or entering into a contract.

During 2019/20 Council procured software upgrades and consultancy services relating to council software totalling \$289,916.47 including GST with one company without inviting a public tender or entering into a contract.

In both instances Colac Otway Shire sought Ministerial exemptions. Both applications were denied on the basis that the Minister believed that at the time of consideration of the applications the Shire would have already been in breach and hence the exemption would not be provided retrospectively.

GRANTS AND DONATIONS TO THE COMMUNITY

To assist our community to undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups and organisations. In 2019/20 Council provided a total of \$296,706 to our community: \$199,950 as a result of applications for funding by community groups, businesses and organisations for a variety of projects ranging from minor maintenance, to shop façade upgrades, to sporting clubs and arts and theatre groups; and \$96,756 was allocated to support community events and organisations.

GOVERNANCE AND MANAGEMENT CHECKLIST

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

GOVERNANCE & MANAGEMENT CHECKLIST

Governance and Management Items	Assessment
Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 24/07/2013
Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 24/07/2013
Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 22/07/2020
Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 22/07/2020
Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans: Building Asset Management Plan 12/02/2020 Transport Asset Management Plan 12/02/2020
Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 24/04/2019
Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 24/10/2018
Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Policy Date of operation of current policy: 27/05/2020
Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan Date of operation: 25/05/2018
Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of operation: 13/01/2020
Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 24/10/2018
Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 31/12/1995

GOVERNANCE & MANAGEMENT CHECKLIST

Governance and Management Items	Assessment
Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged Date of engagement: 01/08/2017
Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation: 28/07/2014
Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Report Date of reports: 23/10/2019 27/05/2020
Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with section 138(1) of the Act Dates statements presented: Q1. 23/10/2019 Q2. 27/11/2019 Q3. 26/02/2020 Q4. 27/05/2020
Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Date of reports: 04/12/2019 12/02/2020 13/05/2020
Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports Date of report: Audit Committee Report Half Year 04/12/2019 Full Year 15/05/2020
Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the Act Date of consideration: 23/10/2029
Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the Act Date reviewed: 27/05/2020
Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act Date of review: 24/05/2017
Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 26/11/2014

CORPORATE GOVERNANCE

CONTINUOUS SERVICE IMPROVEMENT

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

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

The following pages provide details of service improvements that have been implemented during 2019/20.

PLANNING, BUILDING & HEALTH PROTECTION

Planning & Building

Better Approvals Process initiative resulted in changes to the way that business development enquiries and applications for permits are handled. The project was instigated by Small Business Victoria, and will result in reduced permit processing times and clearer more integrated advice to applicants.

Improvements were made to the Authority software Council uses for processing planning and building permits as part of an on-going program to introduce efficiencies in these areas.

The Building Department commenced using mobile devices to undertake inspections, removing the need for hard copy files to be created and transported off-site for inspections.

Health Protection

Health premises registration renewal dates were amended to ensure they have a common renewal date and payments can now be made electronically via BPay, reducing officer time processing the payments. This change was suggested by the Co-ordinator to make processes more efficient.

ECONOMIC DEVELOPMENT & TOURISM

Review of Events Policies (4) into one overarching policy.

Service reviews across the organisation will continue, with a review of the Colac Regional Saleyards earmarked for 2020/21.

We continue to consolidate and build on our relationships with our local chambers of commerce, and have instigated meetings that bring the Colac and Apollo Bay chambers together to encourage more collaboration and information sharing.

The need to be agile during the COVID-19 pandemic is ever present. The Economic Development & Tourism team has and will continue to play a strong role in supporting our business community throughout the COVID-19 pandemic.

Early support included online surveying, regular newsletter communication, webinars, phone contact with more than 500 local businesses and drop-ins to local businesses to find out what support they needed from Council. This led to the development of a Business and Community Support Package that will be rolled out in the 2020-2021 financial year.

ENVIRONMENT & COMMUNITY SAFETY

Environment and Sustainability

In collaboration with Council's Services and Operations department, the Environment unit developed Colac Otway Shire's first stand-alone operational Weed Management Policy, as well as the associated procedures and process documents that flow from it. It is a very positive outcome to have a formalised cross-organisational set of guidelines for Council's approach to weed management and will enable Council to conduct its operations based on a rigorous framework into the future.

Council adopted a target to be carbon neutral by 2020, and work still needs to be done to honour that commitment in terms of emissions offsetting options to address Council's residual and unavoidable emissions. The Environment Unit will present a report to Council outlining the best offsetting options available in early 2021 focusing on accredited, not-for-profit tree planting carbon sequestration programs within the municipality to achieve multiple benefits such as contribution to the local economy and biodiversity improvements.

Emergency Management and Fire Prevention

Council's Fire Prevention area is now working hand in hand with the Country Fire Authority and Forest Fire Management (DELWP) as part of the Victorian Government's Safer Together Strategic Fuel Breaks program. This multi-agency approach has been expanded to Colac Otway Shire to investigate and undertake planning to expand the network of strategic fuel breaks onto viable areas.

Council is also engaged in Community Based EM Projects as mentioned previously to better understand the communities at risk from a variety of emergencies. Examples of this include the Community Based Emergency Leadership program for 20/21, development of township based community profiles, and supporting Community led initiatives including EM planning in Apollo Bay and the Forrest Bushfire Forum.

The EM team will continue to identify and develop more bushfire safety options for the community i.e. Bushfire Places of Last Resort, community response planning, recovery planning etc.

CORPORATE GOVERNANCE

Closed Landfill Management

Together with the Barwon South West Waste & Resource Recovery Group (BSWWRRG), Council is developing a closed landfill aftercare management plan for its closed landfills that will help us understand the risk and cost involved to manage these sites into the future. Utilising the closed landfill work undertaken by the BSWWRRG will mean that Council has a unified approach to landfill aftercare management that is consistent with other councils in the region.

INFRASTRUCTURE SERVICES

Building on the Project Management Framework completed in 2018/19, a new process for project scoping and delivery, including a comprehensive Project Plan template, has been developed to ensure all due diligence investigations and considerations are identified prior to seeking funding for projects. A number of unknowns have emerged during project delivery on some projects leading to cost increases and delays. Occasionally this is due to unexpected conditions, however sometimes risks such as these can be avoided by identifying all project considerations and involving key stakeholders early in the project planning phase. Capturing this information early builds a stronger case with external funding bodies and can improve Council's chances of receiving funding in the future.

Project communications are being improved with the development of a stakeholder communication and engagement plan template, flyer templates for external project communications and the use of OneNote for weekly project manager updates.

SERVICES & OPERATIONS

Redefining a Parks and Gardens Supervisor role into an improvement focused role, has allowed for improved functionality and aesthetics of our townships, which ensures the users have a pleasant experience. Customer and staff feedback drove the move with 78 improvements including tree planting, street scapes, garden beds and round about improvements. Feedback from the Indigenous community for a roundabout with an Aboriginal flag design was well received with commentary about creating a more inclusive community.

Road Maintenance Framework guidelines were created and field staff were trained in conjunction with Australian Roads Research Board. This framework was introduced to increase the life cycle and quality of the road network and reduce ongoing maintenance costs. A full road envelope mentality was introduced including not only the road surface, but the trees, drains, shoulders and roadside furniture as part of a full "fix it right first time" approach.

Operational efficiency requirements and staff development through a focused training program was implemented in 2019/20. With the introduction of a 25% new workforce, management identified the gaps within the program and equipment requirements and created a program to fill these gaps. Thirty-four different courses with 290 people being trained and qualified were undertaken resulting in a more engaged, efficient and dynamic workforce.

Further safety measures including, Safe Work Procedures (SWPs) and Take 5 Safety to complement Safe Work Method Statements (SWMS) were introduced for the Service & Operations staff. Safety is the number one priority and focus and the SWPs and Take 5 allows staff to assess each job on its merits taking into consideration factors such as terrain, weather conditions, overhead and underground hazards and competency of staff to perform the task by "taking 5 minutes" to assess the job on hand before commencing.

One-Note based Services and Operations Management System was put in place for ease of information location and to collaborate all materials and resources required for Services & Operations staff to perform their tasks. It was identified that information was difficult to access as it was spread in multiple locations, systems and programs across the internal IT network. The move to the management system has allowed leaders within Service & Operations to access information easily to perform their duties safely, timely, on budget and within legislative requirements.

INFORMATION MANAGEMENT

Information Management

Availability of local network drives to capture corporate records has been restricted to ensure compliance with record keeping legislation. Digital mail solution integrated with normal administration practices led to significant efficiency savings across the organisation. Council appointment an external storage facility for hardcopy archives to be stored, this ensures Council meets compliance requirements with record keeping standards.

Digital Enablement of a Mobile Workforce – Modernisation of the Compliance department was implemented with fit-for-purpose mobile software and belt worn infringement printers, that integrate with GIS mapping and Civica software. This provides immediate access of information such as pet registration and similar data while out in the field.

CORPORATE GOVERNANCE

COMMUNITY SERVICES

Organisations providing Commonwealth subsidised aged care services are required to comply with the Aged Care Quality Standards (Quality Standards). Organisations will be assessed and must be able to provide evidence of their compliance with, and performance against, the Quality Standards.

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

All policies, procedures, client and staff handbooks have been reviewed to ensure they meet the standards.

PEOPLE & CULTURE

The upgrade of our Staff Intranet allowed the creation of digital Smart Forms to be created. Our Chief Executive Officer, Peter Brown, requested that hard copy forms be replaced by digital forms and staff were provided with training. Customer requests are now automated and integrate with other systems that minimise errors and expedite both internal and external customer service.

COVID-19 hindered the delivery of face to face to training so the initiation of the purchase of a Learning Management System will allow staff to access learning and development opportunities at any time and on a vast array of subjects, which they have not had access to in the past.

COPACC

The COVID-19 experience has provided an opportunity to review and reflect on our service provision. The restrictions on physical distancing may continue for some time to come, and we need to adapt and improvise if we are to compete in the business/corporate events and conferencing arena.

Installation of enhanced audio visual equipment in our meeting spaces will provide a point of difference, and present additional flexibility for our existing and potential new clients when considering COPACC as the venue to host their events.

We will also discuss and explore options to utilise the Civic Hall as a performance space during the theatre season, to increase access for our mobility impaired patrons.

BLUEWATER LEISURE CENTRE

A history of unreliable plant room operations led to the introduction of maintenance contracts to service the critical plant room machinery – boilers, pumps, heat exchangers and filters. Results have shown no unscheduled stoppages since these were introduced.

As a result of the Life Saving Victoria Pool Safety Assessment, work on actions is underway to improve scores including: the installation of new signage in the pool hall (complete); a review of policies and procedures (underway); the development of an annual training calendar; an associated register of training and qualifications for staff and in conjunction with Council's Risk & OHS Coordinator; a review of the centre's emergency management planning structure.

Gym patron feedback instigated a remodel of the gym space and brought about the procurement of the latest technology in gym equipment. Works included strengthening the weight area flooring, painting and the installation of visual and modern audio equipment.

Aquatic patron feedback resulted in a refurbishment of the sauna room, the installation of solid and easy to clean wall panelling right through the pool hall (replacing the damaged, flaking plasterboard) and painting of areas in need.

LEGISLATIVE COMPLIANCE

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

Building Act 1993

Carers Recognition Act 2012

Domestic Animals Act 1994

Environment Protection Act 1970

Equal Opportunity Act 2010

Food Act 1984

Freedom of Information Act 1982

Information Privacy Act 2000

Infringements Act 2006

Land Acquisition and Compensation Act 1986

Local Government Act 1989

Local Government Act 2020

Occupational Health and Safety Act 2004

Privacy and Data Protection Act 2014

Planning and Environment Act 1987

Protected Disclosure Act 2012

Public Health and Wellbeing Act 2008

Road Management Act 2004

Road Safety Act 1986

Sentencing Act 1991

Subdivision Act 1988

Valuation of Land Act 1960

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

CORPORATE GOVERNANCE

AGED CARE ACT 2012

Colac Otway Shire is fully accredited and compliant with the National Disability Insurance Scheme (NDIS) and the Aged Care Act.

We are also accredited and compliant with The Aged Care Quality Standards.

DOMESTIC ANIMALS ACT 1994

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

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

As at 30 June 2020 there were 4,848 domestic animals registered: 3,583 dogs and 1,265 cats.

Of the 162 dogs impounded, 142 were returned to their owner, 15 were rehoused and 5 were euthanised.

Of the 163 cats impounded, 26 were returned to their owner, 93 were rehoused and 44 were euthanised.

We continued to receive support through a local vet who is running a cat adoption program and a reduced price de-sexing program, enabling a slight increase on the number that were rehoused in the previous year.

FOOD ACT 1984

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report. No Ministerial Directions were received by council during 2019-2020.

FREEDOM OF INFORMATION ACT 1982

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

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

Freedom of Information (FOI) requests must be made in writing and be accompanied by a \$29.60 application fee. Applicants should also indicate how they would like to receive the information. For further information and access to the FOI Access Request Form, visit Council's website on the FOI page.

Appeals

Applicants may appeal the decision made about their FOI request or the cost charged for access to documents. The letter containing the decision also outlines the appeal process. There were eight FOI requests received in 2019/20.

PRIVACY & DATA PROTECTION ACT 2014

The *Privacy and Data Protection Act 2014* contains ten Information Privacy Principles that outline how Victorian public sector organisations must handle your information. Council has adopted policies on information privacy that meet the requirements of the *Privacy and Data Protection Act 2014*. The responsible handling of personal information is a key aspect of governance and we are strongly committed to protecting an individual's right to privacy. no complaints were received during 2019/20. Council's Information Privacy Policy can be downloaded from our website.

CORPORATE GOVERNANCE

PUBLIC INTEREST DISCLOSURES ACT 2012 (Vic)

The Colac Otway Shire is committed to the aims and objectives of the Public Interest Disclosures Act 2012 (Vic). Council has established guidelines for responding to public interest disclosures. Reports of improper conduct, corrupt conduct, criminal offences, serious professional misconduct, conduct involving a substantial mismanagement of public resources or conduct involving a substantial risk to public health and safety by Colac Otway Shire or its employees, can be made to the nominated Council staff or the independent Broad-based-Anti-Corruption Commission (IBAC). Disclosures may be made by any person including a member, officer or employee of Colac Otway Shire. There were no public interest disclosures reported in 2019/20. A copy of the Public Interest Disclosures policy is available from Council's website.

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

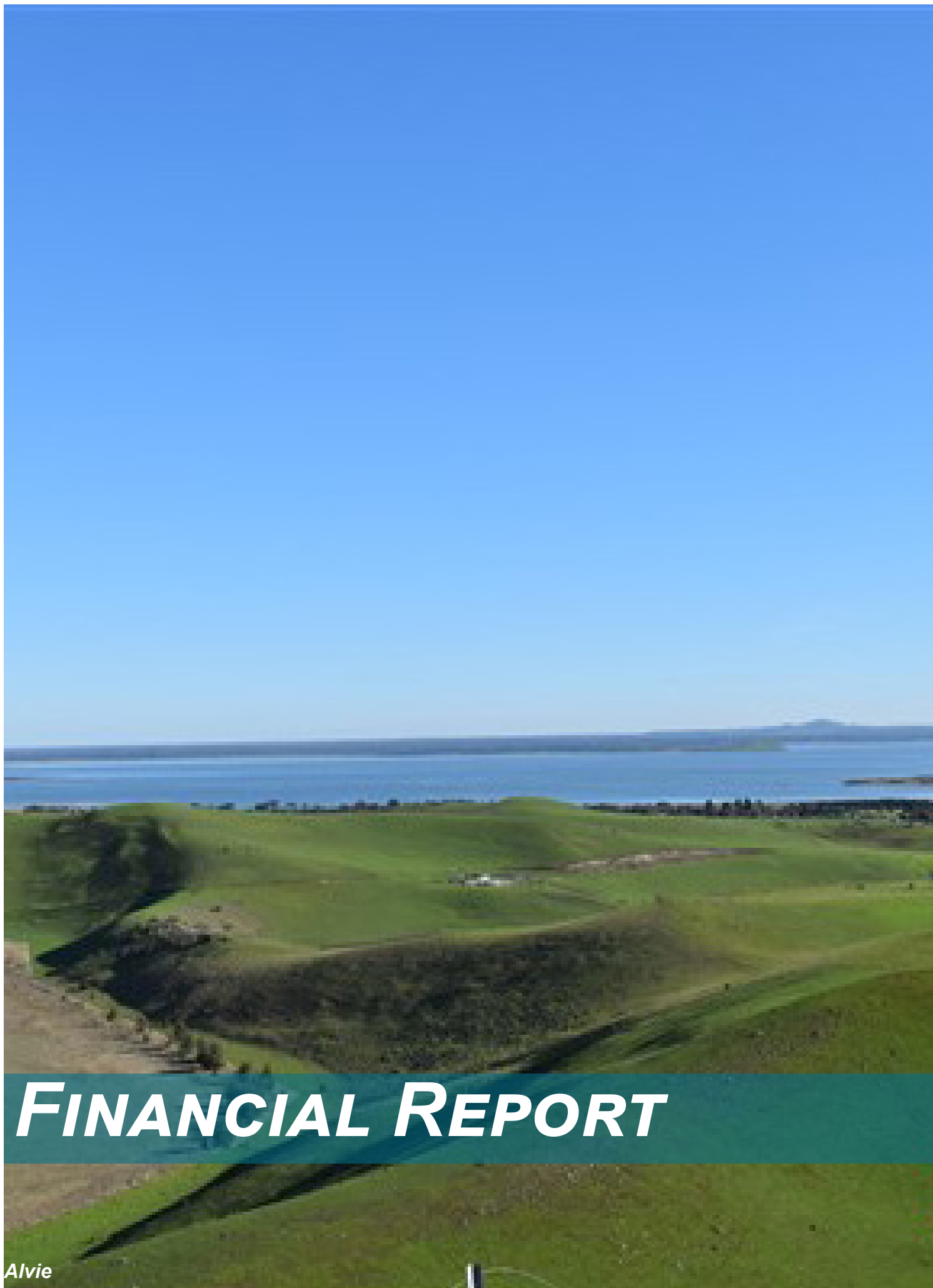
ROAD MANAGEMENT ACT 2004

Council, as a road authority, is required under Section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No Ministerial Directions were received during 2019/20.

PUBLIC ACCESS TO REGISTERS AND DOCUMENTS

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

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



FINANCIAL REPORT

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FINANCIAL PERFORMANCE REPORT

FINANCIAL PERFORMANCE

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2019/20 and our financial position at the end of the period. It enables an assessment of our ability to deliver current services and maintain existing facilities in the longer-term.

In brief

The 2019/20 results show that Council remains financially sustainable, but some critical indicators continue to trend downward. Specifically:

- An adjusted Underlying Deficit in 2019/20 of \$1.91m. i.e. without revenue from capital grants, etc. Council would have made a deficit of \$1.91m.
 - The adjusted Underlying Deficit would have been \$585k if the new Accounting Standards had not been introduced in 2019/20.
- Third successive year of a reduction in the Working Capital Ratio, to 178%. This is positively impacted by \$3.4 million cash received in advance.
- Third successive year of a reduction in the Internal Financing Ratio to 83.3%.

An explanation and some commentary of these indicators are discussed further in this report.

Other key results include:

- Net Surplus \$1.17m
- Capital Works program \$14.89m, of which 75% related to asset renewal projects
- Cash Balance \$16.2m

The \$187k unfavourable result compared to budget primarily relates to the following:

- \$3.7m of unbudgeted grants, including:
 - \$1.9m relating to the management of Port of Apollo Bay.
 - \$0.37m received for various bridge projects.
 - \$0.54m received for various road projects.
- \$728k of additional non-monetary contributions;
- \$4.0m of additional Materials and Services expense;
 - Materials and Services increased by 1.87% compared to 2018/19.
- \$1.1m of additional employee benefits.
 - Employee benefits increased by 1.96% compared to 2018/19.

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

Council ended the financial year with a total cash balance of \$16.2 million. This is a decrease of \$4.3 million from the prior year primarily due to;

- Reducing reserve commitments by \$5.86m;
- Timing of payments and receipts;
- Funding 100% (\$14.89m) of the capital works program from operating cash and cash reserves;
- \$1.7m of existing loans and borrowings were repaid;
- No additional loans and borrowings were undertaken in 2019/20.

OPERATING RESULTS

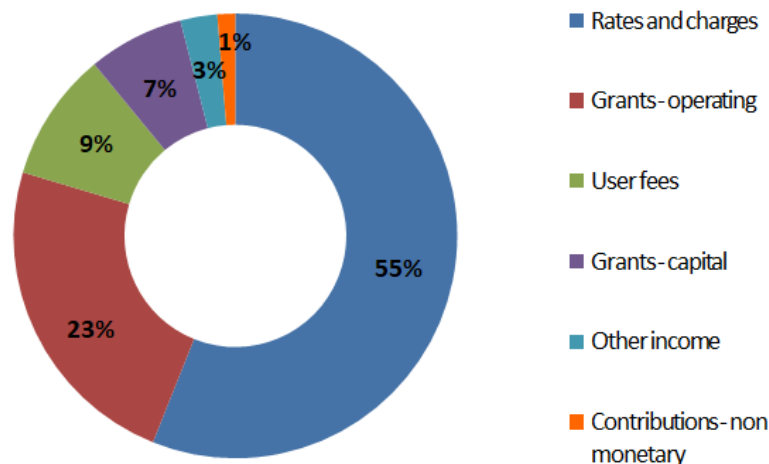
The surplus for the year totalled \$1.17 million, compared to a surplus of \$6.97 million in 2018/19.

Council's major challenge in future years is to continue generating sufficient cash to fund infrastructure renewal requirements whilst maintaining service levels. This challenge is further impacted given the current restrictions on Council's ability to raise revenue within the rate cap, set under the State Government's Fair Go Rates System. Council is currently undertaking a project to develop a more robust long term financial plan that will assist in meeting these renewal requirements.

FINANCIAL PERFORMANCE REPORT

REVENUE

Total revenue for 2019/20 was \$56.8 million (budgeted \$51.3 million) compared with \$61.6 million for 2018/19. Further detail on our income can be seen in the Comprehensive Income Statement.

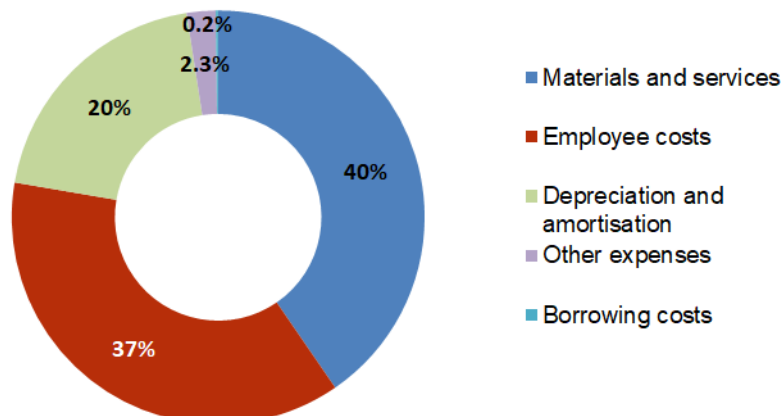


An analysis of Council's revenue sources highlights that 78% of our income is derived from two income categories:

- Rates and charges 55%
- Operating grants 23%

EXPENDITURE

Total expenses for 2019/20 were \$55.6 million; \$1 million, or 1.8%, more than the \$54.6 million spent in 2018/19 (detailed in the Comprehensive Income Statement).



An analysis of expenses indicates that 97% were in the following three categories:

- Materials and services 40%
- Employee benefits 37%
- Depreciation and amortisation 20%

At the adoption of the 2019/20 budget officers recommended a rate increase of 2.0%, which was the rate cap set by the State Government. Council voted to adopt a rate increase of 0.5% and instructed that the saving of 1.5%, or \$450,000, must be achieved with a reduction in Employee costs.

FINANCIAL PERFORMANCE REPORT

The Annual Financial Report indicates that actual Employee Costs exceeded budget, and is specifically detailed in Note 1.1, item 8 of the Annual Financial Report, which includes:

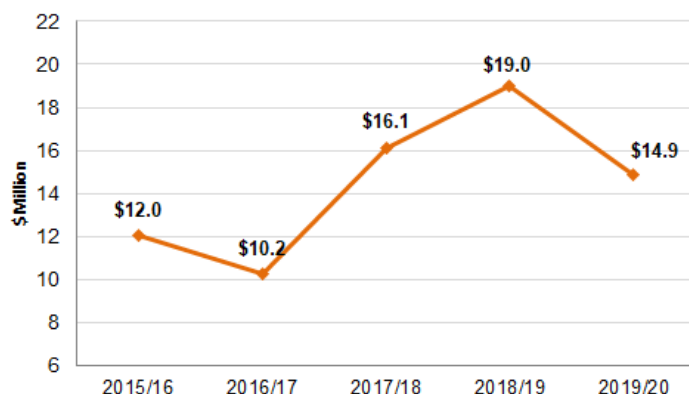
- \$240k due to utilisation of three additional FTE in Services and Operations, rather than the use of budgeted contractors.
- \$218k due to a change in the discount rates applied to the leave provision.
- \$145k due to salaries being paid to employees on long term injuries. Council received \$90k in reimbursements from its insurer.
- \$128k fully funded additional employees required to fulfil additional Home Care Packages.
- \$110k due to the restructure of Bluewater Fitness Centre. This is partly offset by \$47k in additional revenue for 2019/20
- \$104k due to the utilisation of employees to deliver initiatives, whereby contracted expenditure was expected. This includes the City Deal Project and the MCH Hard to Staff Project.
- \$57k due to a decision to increase resources in the Statutory Planning area to improve the level of service to the community.
- \$47k due to an increase in the WorkCover premium above the budgeted level. This is partly due to several long-term WorkCover claims.
- \$36k fully funded employee costs were utilised in relation to Aboriginal Engagement – Healthy Babies Stronger Families.
- \$25k fully funded employee costs in relation to the Working for Victoria initiative.
- \$22k fully funded employee costs relating to the Port of Apollo Bay.

The \$450,000 reduction in employee costs required was achieved with the following savings:

Position	2019/20 Saving	
	FTE	\$'000
Employee Benefit Savings		
Reduced FTE		
Corporate Services administration support reduced	0.50	40
Health & Wellbeing Administrator	0.50	31
Environmental Project Officer/Coordinator restructure	0.40	28
GIS Coordinator - New service-sharing arrangement	1.00	95
Customer Assist role not replaced - Apollo Bay	0.19	13
Local Laws Administrator	0.15	10
Finance Projects Officer	0.20	21
Contracts Administrator	0.70	46
Infrastructure Customer Service Coordinator	0.50	46
Total FTE reduction savings	4.14	329
Delayed recruitment without backfill	2.22	187
Total identified Employee Benefit savings	6.36	516

FINANCIAL PERFORMANCE REPORT

CAPITAL WORKS



In 2019/20 Council's Capital Works activities decreased by \$4.1 million from last year, to a total of \$14.9 million. Renewal of our existing assets accounted for \$11.2 million, new assets accounted for \$3 million and upgrade to existing assets totalled \$0.7 million. The investment in capital works is a strategic approach to maintaining or renewing the community's existing assets as they age. Council is currently undertaking a large body of work to review existing and develop new asset management plans.

Activities included:

- \$4.5 million on road works.
- \$2.9 million on drainage and storm water.
- \$2.2 million on renewal of Council's plant, machinery and equipment.
- \$1.1 million on buildings.
- \$0.5 million on footpaths and cycle ways.
- \$0.5 million on bridge works.

ASSETS

Total assets are valued at \$377 million; 99% consisting of:

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

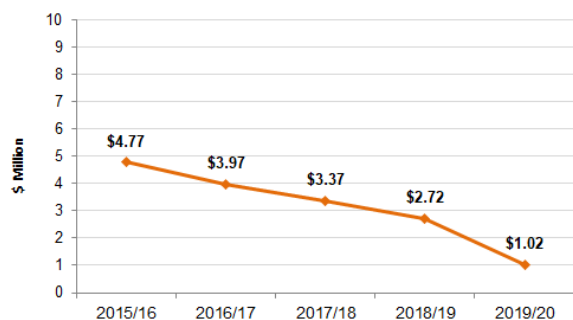
LIABILITIES

Total liabilities were \$21.9 million as at 30 June 2020. Liabilities included loans, amounts owed to suppliers, lease obligations, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements. Liabilities increased by \$0.9 million, in comparison with 2018/19.

Due to the introduction of new Accounting Standards, Council was required to recognise lease liabilities of \$0.9 million in 2019/20.

LOAN LIABILITY

Council's borrowings liability levels reduced from \$2.72 million in 2018/19 to \$1.02 million in 2019/20.



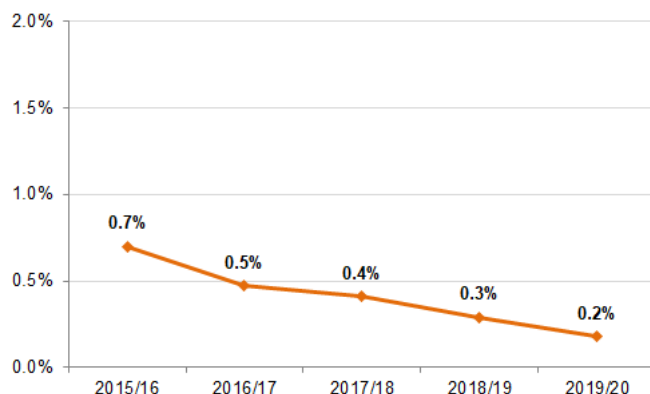
During 2019/20 Council made total loan payments of \$1.8 million (\$1.7 million repayment and \$0.1 million interest). Council's current loans and borrowing are well under the prudential ratio limits previously used by the Victorian State Government.

FINANCIAL PERFORMANCE REPORT

FINANCIAL INDICATORS

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

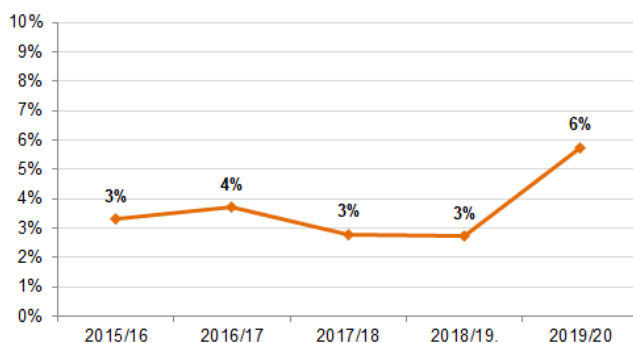
DEBT SERVICING RATIO



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

The ratio of 0.2% is very low and indicates that Council is able to service existing debt levels and have further capacity to borrow if required.

DEBT REPAYMENT RATIO

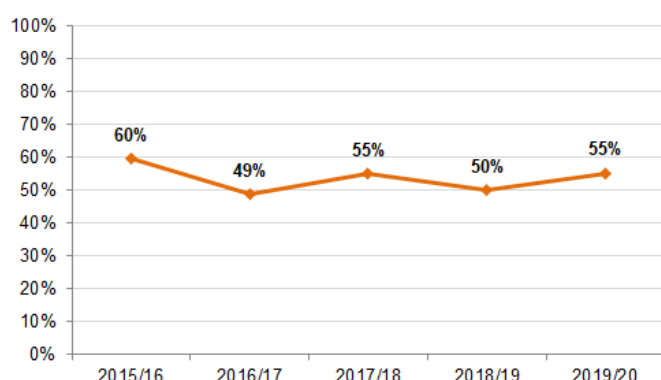


The Debt Repayment Ratio is used to illustrate how much rate revenue is used to fund existing debt for the year. This includes the payment of principal and interest relating to loans and leases. The rate at which the ratio either increases or decreases is a reflection of Council's debt redemption strategy.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

The Debt Repayment Ratio was higher in 2019/20 due to the increased repayment of loans, including a \$1m bond repayment in November 2019, which was taken under the Local Government Funding Vehicle in 2014.

FINANCIAL PERFORMANCE REPORT

REVENUE RATIO



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

FINANCIAL SUSTAINABILITY INDICATORS

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

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

The following seven indicators are utilised and published by the Victorian Auditor General annually, to assess the financial viability of councils. The figures for the financial years 2015/16 to 2018/19 are taken from the Victorian Auditor-General's Office (VAGO) report that can be found at:

<https://www.audit.vic.gov.au/sites/default/files/2019-11/20191127-Local-Government-report.pdf>

The 2019/20 figures in the following graphs are officer calculations of the ratios.

The following table summarises Colac Otway Shire Council's result for 2019/20:

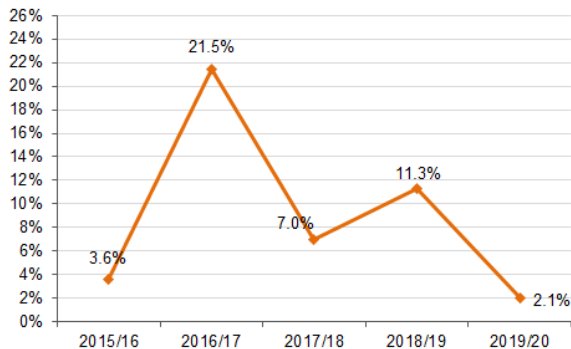
Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Net Result Ratio	2.1%	Less than Negative 10%	Between negative 10% and zero	Greater than zero
Adjusted underlying result	-3.5%	Less than 0%	Between 0% and 5%	Greater than 5%
Liquidity Ratio	178.4%	Less than 75%	Between 75% and 100%	Greater than 100%
Indebtedness Ratio	27.1%	Greater than 60%	Between 40% and 60%	Less than 40%
Internal Financing Ratio	83.3%	Less than 75%	Between 75% and 100%	Greater than 100%
Capital Replacement	136.0%	Less than 100%	Between 100% and 150%	Greater than 150%
Renewal Gap	108.8%	Less than 50%	Between 50% and 100%	Greater than 100%

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

FINANCIAL PERFORMANCE REPORT

NET RESULT RATIO

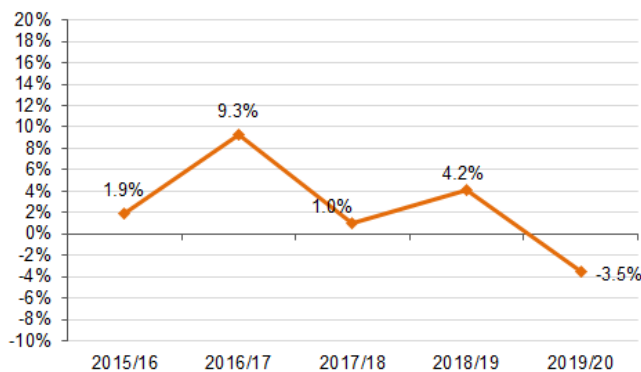
This measures how much of each dollar collected as revenue translates to net result. A positive result indicates a surplus, and the larger the percentage, the stronger the result.



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

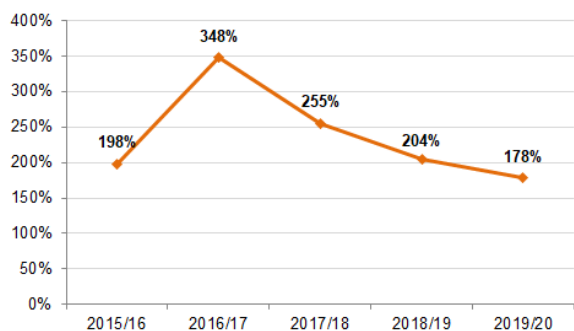
ADJUSTED UNDERLYING RESULT

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



WORKING CAPITAL RATIO

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



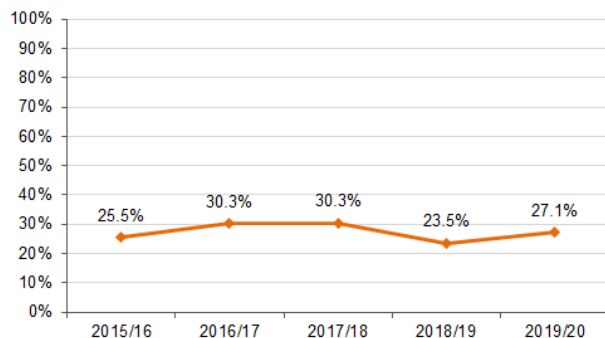
The Working Capital Ratio expresses the level of current assets, such as cash and investments, that Council has available to meet our current liabilities. This includes outstanding creditors and employee entitlements.

The current ratio of 178% is greater than the target for low risk, but does include \$3.4 million of cash received in advance.

FINANCIAL PERFORMANCE REPORT

INDEBTEDNESS RATIO

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

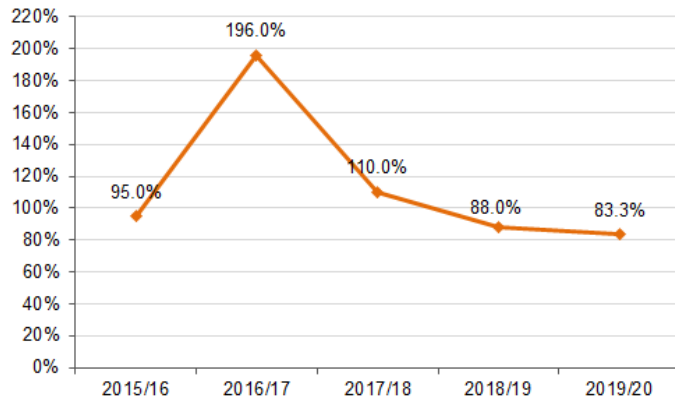


This ratio indicates our ability to repay debt from our own sources of revenue, such as rates and charges. The ratio is comfortably in the low risk category, indicating that we are generating sufficient funds to cover debt without requiring outside assistance.

Despite repaying a large amount of debt in 2019/20 this indicator has increased due to the low level of own sourced income.

INTERNAL FINANCING RATIO

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

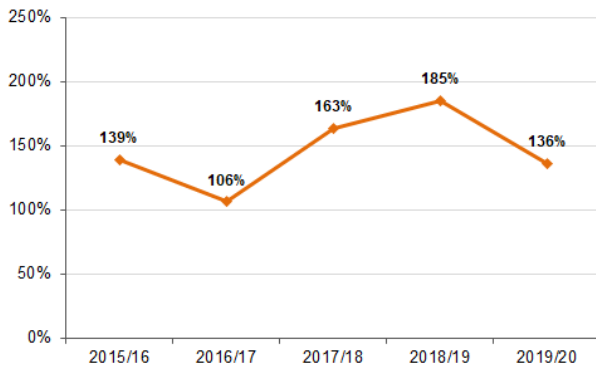


Results indicate that Council's ability to generate sufficient cash from operations to fund the renewal of existing assets has declined over the last three years.

CAPITAL REPLACEMENT RATIO

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

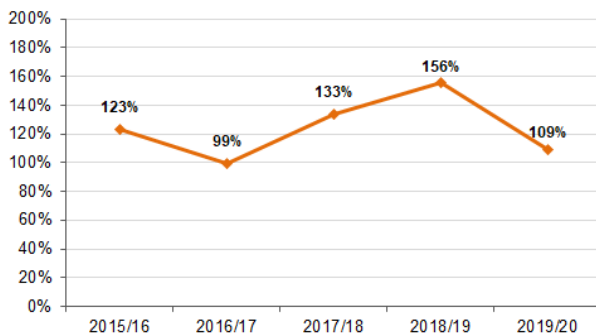
FINANCIAL PERFORMANCE REPORT



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

RENEWAL GAP RATIO

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



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

UNDERSTANDING THE FINANCIAL STATEMENTS

INTRODUCTION

The financial statements show Council's performance during 2019/20 and our overall financial position as at 30 June 2020.

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

The financial report comprises two sets of statements:

Financial Statements (see page 106 of this report)

Performance Statement (see page 102 of this report)

ANNUAL FINANCIAL REPORT

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

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

The five Statements included in the first few pages of the report are:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement Cash Flows
- Statement of Capital Works.

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

Comprehensive Income Statement

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

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

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

Balance Sheet

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

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

CURRENT AND NON-CURRENT ASSETS

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

CURRENT AND NON-CURRENT LIABILITIES

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

UNDERSTANDING THE FINANCIAL STATEMENTS

NET ASSETS

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

TOTAL EQUITY

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

STATEMENT OF CHANGES IN EQUITY

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

The main reasons for changes in equity are:

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

STATEMENT OF CASH FLOW

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

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

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

1. Cash Flow from Operating Activities

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

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

2. Cash Flow from Investing Activities

The accounting term Investing Activities relates to

3. Cash Flow from Financing Activities

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

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

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

STATEMENT OF CAPITAL WORKS

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

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

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

UNDERSTANDING THE FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

WHAT IS THE PERFORMANCE STATEMENT?

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

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

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER AND COUNCILLORS

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council. It assures that, in her/his opinion, the financial statements have met all the statutory and professional reporting requirements. The Certification of Councillors is made by two councillors on behalf of Council confirming that in their opinion the financial statements are fair and not misleading. The Chief Executive Officer also endorses and signs the certification.

AUDITORS GENERAL'S REPORT

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

Colac Otway Shire Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2020

Colac Otway Shire Council

Financial Report

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Certification of the Financial Statements

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



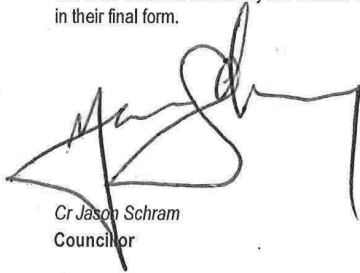
Jason Clissold FCPA
Principal Accounting Officer

21 October 2020
Colac

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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



Cr Jason Schram
Councillor

21 October 2020
Colac



Cr Stephen Hart
Councillor

21 October 2020
Colac



Peter Brown
Chief Executive

21 October 2020
Colac

Independent Auditor's Report

To the Councillors of Colac Otway Shire Council

Opinion	<p>I have audited the financial report of Colac Otway Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
28 October 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	31,366	30,905
Statutory fees and fines	3.2	807	885
User fees	3.3	5,269	5,167
Grants - operating	3.4	13,174	16,719
Grants - capital	3.4	3,902	5,984
Contributions - monetary	3.5	195	180
Contributions - non monetary	3.5	728	457
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(44)	202
Share of net profits (or loss) of associates and joint ventures	6.2	51	35
Other income	3.7	1,303	1,037
Total income		56,752	61,570
Expenses			
Employee costs	4.1	20,727	20,329
Materials and services	4.2	22,458	22,047
Depreciation and amortisation	4.3	10,944	10,266
Amortisation - intangible assets	4.4	-	2
Amortisation - right of use assets	4.5	95	-
Bad and doubtful debts	4.6	15	47
Borrowing costs	4.7	102	178
Finance costs - leases	4.8	35	-
Other expenses	4.9	1,209	1,729
Total expenses		55,585	54,599
Surplus/(deficit) for the year		1,167	6,971
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	32,113	20,920
Total comprehensive result		33,280	27,891

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

Balance Sheet
As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	16,198	20,524
Trade and other receivables	5.1	3,359	3,304
Inventories	5.2	215	149
Other assets	5.2	486	431
Total current assets		20,259	24,408
Non-current assets			
Property, infrastructure, plant and equipment	6.1	355,731	319,427
Investments in associates, joint arrangements and subsidiaries	6.2	441	390
Right-of-use assets	5.8	863	-
Total non-current assets		357,036	319,817
Total assets		377,295	344,226
Liabilities			
Current liabilities			
Trade and other payables	5.3	5,622	3,900
Trust funds and deposits	5.3	985	802
Interest-bearing liabilities	5.4	286	1,697
Provisions	5.5	4,357	5,540
Lease liabilities	5.8	105	-
Total current liabilities		11,356	11,939
Non-current liabilities			
Interest-bearing liabilities	5.4	738	1,024
Provisions	5.5	9,005	7,967
Lease liabilities	5.8	773	-
Total non-current liabilities		10,516	8,991
Total liabilities		21,872	20,930
Net assets		355,423	323,296
Equity			
Accumulated surplus		130,527	124,652
Reserves	9.1	224,896	198,644
Total Equity		355,423	323,296

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

Statement of Changes in Equity For the Year Ended 30 June 2020

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		323,296	124,652	176,018	22,626
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(1,153)	(1,153)		
Adjusted Opening balance		322,143	123,499	176,018	22,626
Surplus/(deficit) for the year		1,167	1,167	-	-
Net asset revaluation increment/(decrement)	6.1	32,113	-	32,113	-
Transfers to other reserves	9.1	-	(13,598)	-	13,598
Transfers from other reserves	9.1	-	19,459	-	(19,459)
Balance at end of the financial year		355,423	130,527	208,131	16,765
2019					
Balance at beginning of the financial year		292,887	116,159	155,098	21,630
Prior Period Error Adjustment	6.1	2,518	2,518	-	-
Surplus/(deficit) for the year		6,971	6,971	-	-
Net asset revaluation increment/(decrement)	6.1	20,920	-	20,920	-
Transfers to other reserves	9.1	-	(15,644)	-	15,644
Transfers from other reserves	9.1	-	14,648	-	(14,648)
Balance at end of the financial year		323,296	124,652	176,018	22,626

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

Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		30,712	30,758
Statutory fees and fines		807	885
User fees		5,981	5,636
Grants - operating		13,438	16,714
Grants - capital		4,546	5,984
Contributions - monetary		195	180
Interest received		272	270
Trust funds and deposits taken/(paid)		183	410
Other receipts		1,003	731
Net GST refund/(payment)		1,718	1,684
Employee costs		(20,340)	(20,103)
Materials and services		(25,270)	(24,899)
Other payments		(1,209)	(1,729)
Net cash provided by/(used in) operating activities		12,036	16,521
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(14,682)	(18,970)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	233	288
Payments for investments		(27,000)	(41,500)
Proceeds from sale of investments		27,000	58,918
Net cash provided by/(used in) investing activities		(14,449)	(1,263)
Cash flows from financing activities			
Finance costs		(102)	(178)
Repayment of borrowings		(1,697)	(649)
Interest paid - lease liability		(35)	-
Repayment of lease liabilities		(79)	-
Net cash provided by/(used in) financing activities		(1,913)	(827)
Net increase (decrease) in cash and cash equivalents		(4,326)	14,431
Cash and cash equivalents at the beginning of the financial year		20,524	6,093
Cash and cash equivalents at the end of the financial year		16,198	20,524
Restrictions on cash assets	5.1		
Financing arrangements	5.6		

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

**Statement of Capital Works
For the Year Ended 30 June 2020**

	Note	2020 \$'000	2019 \$'000
Property			
Land		22	58
Total land		<u>22</u>	<u>58</u>
Buildings		1,082	1,098
Total buildings		<u>1,082</u>	<u>1,098</u>
Total property		<u>1,104</u>	<u>1,156</u>
Plant and equipment			
Plant, machinery and equipment		2,176	883
Fixtures, fittings and furniture		599	229
Computers and telecommunications		147	-
Total plant and equipment		<u>2,921</u>	<u>1,112</u>
Infrastructure			
Roads		4,464	9,643
Bridges		548	580
Footpaths and cycleways		478	2,107
Drainage		2,860	2,597
Other infrastructure		2,510	1,774
Total infrastructure		<u>10,859</u>	<u>16,702</u>
Total capital works expenditure	6.1	<u>14,885</u>	<u>18,970</u>
Represented by:			
New asset expenditure		2,977	2,986
Asset renewal expenditure		11,164	12,900
Asset upgrade expenditure		744	3,084
Total capital works expenditure		<u>14,885</u>	<u>18,970</u>

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

OVERVIEW

Introduction

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

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

(b) Rounding

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

(c) Abbreviation

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

Note 1 Performance against budget

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

The budget figures detailed below are those adopted by Council on 26 June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1. Income and expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Income					
Rates and charges	31,165	31,366	201	1	
Statutory fees and charges	816	807	(10)	(1)	
User fees and charges	5,268	5,269	1	0	
Grants - Operating	10,022	13,174	3,152	31	1
Grants - Capital	3,340	3,902	562	17	2
Contributions - monetary	132	195	64	48	3
Contributions - non-monetary	-	728	728	100	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	147	(44)	(191)	(130)	5
Share of net profits/(losses) of associates and joint ventures	35	51	16	47	6
Other income	416	1,303	887	213	7
Total income	51,341	56,752	5,411	11	
Expenses					
Employee costs	19,656	20,727	(1,070)	(5)	8
Materials and services	18,431	22,458	(4,027)	(22)	9
Bad and doubtful debts	2	15	(13)	(653)	10
Depreciation and amortisation	10,600	10,944	(344)	(3)	
Amortisation - right of use assets	-	95	(95)	100	11
Borrowing costs	112	102	10	9	
Finance costs - leases	-	35	(35)	100	12
Other expenses	1,186	1,209	(23)	(2)	
Total expenses	49,987	55,585	(5,598)	(11)	
Surplus/(deficit) for the year	1,354	1,167	(187)	(14)	

Note 1 Performance against budget

1.1. Income and expenditure (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - Operating	<p>\$2.06m of this variance relates to conditional grants that were received in 2018-19, whereby the associated projects were completed in 2019-20. The new Accounting Standards require this revenue to be recognised in 2019-20. (refer to Note 10(d) for further detail regarding the impact of the new Accounting Standards).</p> <p>Unbudgeted funding was also received (\$317k) in relation to the following unbudgeted, fully funded, projects:</p> <ul style="list-style-type: none"> • Working for Victoria (\$109k) • Roadside Weeds and Pests (\$43k). • Birregurra Stormwater Drainage Strategy (\$50k). • Aboriginal Engagement - Healthy Babies Stronger Families (\$105k). • Wye River Surf Life Saving Club – Bushfire Recovery Wye Peak Challenge - (\$10k).
2	Grants - Capital	<p>Funding was received for unbudgeted capital works, including State Grants to complete Forest St, Jacksons Track and Upper Gellibrand Road Bridges (\$367k). Also, funding received for Roads to Recovery exceeded budget (\$210k).</p>
3	Contributions - monetary	<p>Monetary contributions that were received include \$60k of unbudgeted revenue relating to the Apollo Bay Community Infrastructure Plan. Corresponding expenditure has been included in Material and Services (No net impact).</p>
4	Contributions - Non-monetary	<p>Colac Otway received the following gifted assets from developers for subdivision works not budgeted for:</p> <ul style="list-style-type: none"> • \$290k Roads • \$381k Drainage • \$57k Footpaths
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	<p>This unfavourable variance relates to the timing of the disposal of several plant items, which were disposed prior to the end of useful life. This decision was made to avoid the repair costs that would otherwise be incurred to ensure the items were operational.</p>
6	Share of net profits/(losses) of associates and joint ventures	<p>Council's share of the Corangamite Regional Library Corporation is an estimate and is not ascertainable at the time of budget preparation.</p>
7	Other income	<p>Reimbursements for employees on Workcover (\$90k) were received in 2019-20 that were not budgeted, which partially offsets the additional employee costs relating to employees with long-term workplace injuries.</p> <p>Reimbursements from the AFL for Match Day expenditure (\$57k) was received for the unbudgeted AFL match held in Colac.</p>

Note 1 Performance against budget

1.1. Income and expenditure (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
8	Employee costs	<p>Employee costs were higher than budgeted due to a range of factors, including:</p> <ul style="list-style-type: none"> • \$240k due to the utilisation of 3 additional FTE in Services and Operations, rather than the use of budgeted contractors. • \$218k due to a change in the discount rates applied to the leave provision. • \$145k due to salary being paid to employees on long term injuries. Council received \$90k in reimbursements from its insurer. • \$128k fully funded additional employees required to fulfill additional Home Care Packages. • \$110k due to the restructure of Bluewater Fitness Centre. This is partly offset by \$47k in additional revenue for 2019/20. • \$104k due to the utilisation of employees to deliver initiatives, whereby contracted expenditure was expected. This includes the City Deal Project, and the MCH Hard to Staff Project. • \$57k due to a decision to increase resources in the Statutory Planning area to improve the level of service to the community. • \$47k due to an increase in the Workcover Premium above budgeted level. This is partly due to several long-term Workcover claims. • \$36k fully funded employee costs were utilised in relation to Aboriginal Engagement - Healthy Babies Stronger Families. • \$25k fully-funded employee costs in relation to the Working For Victoria initiative. • \$22k fully funded employee costs relating to the Port of Apollo Bay. • Employee costs were favourably impacted due to the impact of COVID-19.
9	Materials and services	<p>This variance includes \$2.44m relating to projects carried forward from 2018-19, including:</p> <ul style="list-style-type: none"> • Port of Apollo Bay Operations - In harbour dredging project (\$1m) - fully-funded • Port Boat Ramp Car Park Renewal Project (\$711k) - fully funded • Apollo Bay Community Infrastructure Plan (\$195k) • Lighting Project (\$100k). <p>In addition to the carried forward items, this unfavourable variance can also be attributed to:</p> <ul style="list-style-type: none"> • Unbudgeted funding was received, which resulted in unbudgeted project expenditure (\$181k), including Birregurra Stormwater Drainage Strategy (\$118k). • Fully-funded Home Care Package delivery (\$170k). • Expensed items of capital, as some capital works did not meet the capitalisation threshold and have been treated as operational expenditure (\$1.7m). Expensed capital items amounted to \$2.36m in 2018-19.
10	Bad and doubtful debts	<p>There has been a movement in the Doubtful Debts Provision of \$13k, reflecting expected funds owing to Colac Otway Shire that are no longer expected to be recovered.</p>
11	Amortisation - right of use assets	<p>This variance is due to the introduction of the Accounting Standard AASB 16 Leases and the subsequent recognition requirements. The expenditure relating to leases was previously budgeted and recognised within Materials and Services.</p>
12	Finance costs - leases	<p>This variance is due to the introduction of the Accounting Standard AASB 16 Leases and the subsequent recognition requirements. The expenditure relating to leases was previously budgeted and recognised within Materials and Services.</p>

Note 1 Performance against budget

1.2. Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Property					
Land	-	22	22	100	1
Buildings	726	1,082	356	49	2
Total property	726	1,104	378	52	
Plant and equipment					
Plant, machinery and equipment	2,170	2,176	6	0	
Fixtures, fittings and furniture	840	599	(241)	(29)	3
Computers and telecommunications	140	147	7	5	
Total plant and equipment	3,150	2,921	(229)	(7)	
Infrastructure					
Roads	5,942	4,464	(1,478)	(25)	4
Bridges	715	548	(167)	(23)	5
Footpaths and cycleways	383	478	95	25	6
Drainage	450	2,860	2,410	536	7
Other infrastructure	1,695	2,510	815	48	8
Total infrastructure	9,185	10,859	1,674	18	
Total capital works expenditure	13,061	14,885	1,824	14	
Represented by:					
New asset expenditure	1,645	2,977	1,332	81	
Asset renewal expenditure	10,776	11,164	388	4	
Asset upgrade expenditure	640	744	104	16	
Total capital works expenditure	13,061	14,885	1,824	14	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Strategic acquisition of land for the Tiger Rail Trail
2	Buildings	A number of unbudgeted works carried-forward from 2018-19 were completed during 2019-20. This includes the Winifred Nance Kindergarten project.
3	Fixtures, fittings and furniture	This programme has a number of items that have been expense due to low value items. The remainder of this programme will be carried over relating to the Memorial Square to be expended in the 2020-21 year (\$241k).
4	Roads	This programme has a number of items that have been allocated to different areas. This is due to the complex nature of the programmes associated with this class of assets. For example with a reconstruction programme works may include retaining structures, drainage or footpaths.
5	Bridges	There are a number of projects that have been either rescoped or have been retendered during the year. These works will be completed during the 2020-21 year. These include Forrest Street Bridge Replacement (\$130k)
6	Footpaths and cycleways	Completion of a number of projects carried-forward from the 2018-19 financial year are included within this figure. This included works on the Hart Street Footpath (\$25k) and smaller amounts in Skenes Creek and Colac.
7	Drainage	The variance largely relates to the Wye River and Separation Creek reticulated drainage works (\$2.2m). These works were unbudgeted in 2019-20, however they are funded by the State and Federal Government.
8	Other infrastructure	The overspend is related to Flood Recovery works completed in the 2019-20 year. These works include a large amount of retaining wall works across the shire. These works are funded by the State and Federal Government.

Note 2 Analysis of Council

Note 2.1. Analysis of Council results by program

Council delivers its functions and activities through the following programs.

(a) Chief Executive

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

Corporate Services

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

Development and Community Services

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

Infrastructure and Leisure Services

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

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Chief Executive	6	1,569	(1,563)	-	1,485
Corporate Services Management	41,313	19,841	21,472	11,248	27,159
Development and Community Services Management	6,786	13,025	(6,239)	2,537	13,735
Infrastructure and Leisure Services Management	8,646	21,150	(12,503)	3,291	334,917
	56,752	55,585	1,167	17,076	377,295
2019					
Chief Executive	1	1,514	(1,512)	-	1,099
Corporate Services Management	40,795	21,713	19,081	11,375	33,769
Development and Community Services Management	6,524	11,631	(5,107)	2,704	12,807
Infrastructure and Leisure Services Management	14,251	19,741	(5,491)	8,623	296,551
	61,570	54,599	6,972	22,702	344,226

Note 3 Funding for the delivery of our services	2020	2019
3.1. Rates and charges	\$'000	\$'000

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

The valuation base used to calculate general rates for 2019/20 was \$6,619 million (2018/19 \$6,195 million).

General rates residential	16,223	15,750
General rates farm / rural	5,666	5,617
General rates commercial / industrial	3,215	3,259
Municipal charge	2,787	2,730
Garbage charge	3,196	3,147
Interest on rates and charges	81	162
Special rates and charges	22	22
Revenue in lieu of rates	176	217
Total rates and charges	31,366	30,905

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.

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

3.2. Statutory fees and fines

Town planning fees	329	466
Health regulations	225	171
Building permits	90	103
Infringements and costs	84	94
Engineering fees	45	-
Land information certificates	33	31
Freedom of information	1	1
Special Charge schemes	-	19
Total statutory fees and fines	807	885

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

3.3. User fees

Aged services fees	2,183	1,618
Leisure centre fees	1,096	1,357
Colac livestock selling centre fees	462	488
Parking, animal control and local laws fees	238	287
Visitor information centre fees	230	300
Colac Otway performing arts & cultural centre fees	212	394
Waste disposal fees	215	198
Council properties fees and rental	213	211
Other fees and charges	187	38
Apollo bay harbour fees	111	118
Child care childrens programs	82	93
Town planning and building services fees	40	64
Total user fees	5,269	5,167

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

Note 3 Funding for the delivery of our services	2020	2019
3.4. Funding from other levels of government	\$'000	\$'000
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	9,799	10,157
State funded grants	7,277	12,545
Total grants received	17,076	22,702
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grant - untied base grant	3,926	4,939
Financial Assistance Grant - local roads	2,726	2,154
Family and community services	538	493
Diesel rebate scheme	97	178
Aged and disability services	78	91
Public Health	2	2
<i>Recurrent - State Government</i>		
Aged and disability services	1,254	1,271
Port management	861	1,060
Maternal and child health	397	417
Recreation and culture	216	105
Family and community services	91	15
School crossing supervisors	68	54
Fire Service Property Levy	47	-
Public Health	18	24
Environment and protection services	12	65
Total recurrent operating grants	10,333	10,868
<i>Non-recurrent - Commonwealth Government</i>		
Environment and protection services	200	200
City Deal	90	-
Recreation and culture	54	-
<i>Non-recurrent - State Government</i>		
Port Management	1,943	1,427
Recreation and culture	109	50
Family and community services	107	-
Environment	106	61
Roads	100	11
Strategic Planning	51	104
Civic Precinct	40	-
Disaster Recovery - Bushfire	26	3,998
Economic Development	15	-
Total non-recurrent operating grants	2,841	5,851
Total operating grants	13,174	16,719
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,703	1,954
Recreation and culture	50	-
Total recurrent capital grants	1,753	1,954
<i>Non-recurrent - Commonwealth Government</i>		
Roads	334	-
Recreation and culture	-	146
<i>Non-recurrent - State Government</i>		
Roads	1,001	1,112
Recreation and culture	750	743
Family and community services	64	286
Bushfire recovery	-	1,742
Total non-recurrent capital grants	2,149	4,030
Total capital grants	3,902	5,984

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 3 Funding for the delivery of our services	2020	2019
3.4. Funding from other levels of government (cont'd)	\$'000	\$'000
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	2,682	3,705
Received during the financial year and remained unspent at balance date	1,690	2,447
Received in prior years and spent during the financial year	(2,682)	(3,470)
Balance at year end	<u>1,690</u>	<u>2,682</u>

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

3.5. Contributions

Monetary	195	180
Non-monetary	<u>728</u>	<u>457</u>
Total contributions	<u>923</u>	<u>637</u>

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

Drainage	381	169
Roads	290	222
Footpath	<u>57</u>	<u>67</u>
Total non-monetary contributions	<u>728</u>	<u>457</u>

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

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

Proceeds of sale	233	288
Written down value of assets disposed	<u>(277)</u>	<u>(86)</u>
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(44)</u>	<u>202</u>

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

3.7. Other income

Other income	968	413
Reimbursements	181	305
Interest	150	306
Rates Legal Costs Recovered	3	8
Scheme Interest Received	2	1
Colac Otway performing arts & cultural centre fees	-	4
Total other income	<u>1,303</u>	<u>1,037</u>

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services	2020	2019
4.1. (a) Employee costs	\$'000	\$'000
Wages and salaries	15,027	14,330
Employee leave	2,115	2,154
Superannuation	1,739	1,664
Casual staff	832	1,204
Sick leave	524	567
WorkCover	247	161
Fringe benefits tax	148	146
Other employee benefits	93	102
Total employee costs	20,727	20,329

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

94	101
<u>94</u>	<u>101</u>

Employer contributions payable at reporting date.

-	-
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Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

1,017	911
628	652
<u>1,646</u>	<u>1,563</u>

Employer contributions payable at reporting date.

145	152
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Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2. Materials and services

Contract Payments	11,375	10,553
Materials	4,296	4,900
Subscriptions and memberships	2,007	1,715
Consultants	1,048	963
Utilities	977	906
Agency staff	918	1,067
Plant and equipment maintenance	533	665
Insurances	508	388
Legal costs	496	520
Training costs	261	301
Other	38	10
Hire costs	2	60
Permits	-	1
Total materials and services	22,458	22,047

Note 4 The cost of delivering services	2020	2019
4.3. Depreciation and amortisation	\$'000	\$'000
Infrastructure	7,932	7,554
Plant and equipment	1,310	1,394
Property	1,702	1,318
Total depreciation	10,944	10,266
Intangible assets	-	2
Total depreciation and amortisation	10,944	10,268

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

4.4 Amortisation - Intangible assets

Software	-	2
Total Amortisation - Intangible assets	-	2

4.5 Amortisation - Right of use assets

Plant and Equipment	95	-
Total Amortisation - Right of use assets	95	-

4.6 Bad and doubtful debts

Other debtors	15	47
Total bad and doubtful debts	15	47

Movement in provisions for doubtful debts

Balance at the beginning of the year	44	8
New provisions recognised during the year	37	44
Amounts already provided for and written off as uncollectible	(2)	(8)
Amounts provided for but recovered during the year	(22)	-
Balance at end of year	57	44

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

4.7 Borrowing costs

Interest - Borrowings	102	178
Total borrowing costs	102	178

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

4.8 Finance Costs - Leases

Interest - Lease Liabilities	35	-
Total finance costs	35	-

4.9 Other expenses

Community grants and donations	474	588
Councillors' allowances	262	253
Other	267	729
Rates and charges written off	65	26
Fire services levy	61	58
Auditors remuneration	45	46
Animal registration levy	22	19
Royalties and commissions	13	10
Total other expenses	1,209	1,729

Note 5 Our financial position	2020	2019
5.1. Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	5	5
Cash at bank	1,146	5,319
Term deposits	15,047	15,200
Total cash and cash equivalents	16,198	20,524
Total financial assets	16,198	20,524

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

- Trust funds and deposits	985	802
- Statutory reserves	936	768
- Conditional grants unspent (Excludes Port of Apollo Bay)	1,580	1,083
- Port of Apollo Bay reserve cash held	565	2,022
- Disaster recovery reserve	6	2,155
Total restricted funds	4,072	6,830
Total unrestricted cash and cash equivalents	12,126	13,695

Intended allocations

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

- Other reserve funds allocated for specific future purposes	12,793	14,310
- Carried forward works committed	2,466	3,485
Total funds subject to intended allocations	15,259	17,795

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

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

Note 5 Our financial position	2020	2019
5.1. Financial assets (cont'd)	\$'000	\$'000
(b) Trade and other receivables		
Current		
Statutory receivables		
Rates Debtor	2,336	1,691
Government operating grants	143	763
Net GST receivable	182	268
Special rate assesment	42	40
Parking infringement debtor	60	52
Other infringements	124	117
Provision for doubtful debts - infringements	(14)	-
Other debtors	530	418
Provision for doubtful debts - other debtors	(43)	(44)
Total current trade and other receivables	3,359	3,304
Total trade and other receivables	3,359	3,304

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

(c) Ageing of Receivables

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

Current (not yet due)	379	242
Past due by up to 30 days	12	69
Past due between 31 and 180 days	43	26
Past due between 181 and 365 days	28	28
Past due by more than 1 year	24	8
Total trade and other receivables	487	374

(d) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$43k (2019: \$44k) were impaired. The amount of the provision raised against these debtors was \$43k (2019: \$44k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	7
Past due between 181 and 365 days	-	5
Past due by more than 1 year	43	32
Total trade & other receivables	43	44

Note 5 Our financial position

5.2. Non-financial assets	2020	2019
(a) Inventories	\$'000	\$'000
Inventories held for distribution	53	17
Inventories held for sale	162	132
Total inventories	215	149

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

(b) Other assets

Prepayments	134	239
Accrued income	352	192
Total other assets	486	431

5.3. Payables	\$'000	\$'000
(a) Trade and other payables		
Trade payables	2,327	2,723
Accrued expenses	822	1,178
Unearned Income	2,473	-
Total trade and other payables	5,622	3,900

Unearned income

Grants received in advance - operating	1,401	-
Grants received in advance - capital	289	-
Other	783	-
Total unearned income	2,473	-

(b) Trust funds and deposits

Refundable deposits	409	440
Fire services levy	349	307
Retention amounts	228	55
Total trust funds and deposits	985	802

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

Purpose and nature of items

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

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

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

Note 5 Our financial position

5.4. Interest-bearing liabilities

	2020 \$'000	2019 \$'000
Current		
Borrowings - secured	286	1,697
	<u>286</u>	<u>1,697</u>
Non-current		
Borrowings - secured	738	1,024
	<u>738</u>	<u>1,024</u>
Total	<u>1,024</u>	<u>2,721</u>

Borrowings are secured by council rates and charges

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

Not later than one year	286	1,697
Later than one year and not later than five years	738	1,024
Later than five years	-	-
	<u>1,024</u>	<u>2,721</u>

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

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

5.5. Provisions

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2020			
Balance at beginning of the financial year	4,241	9,265	13,507
Additional provisions	1,391	-	1,391
Amounts used	(1,415)	(203)	(1,618)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	243	(161)	82
Balance at the end of the financial year	<u>4,461</u>	<u>8,901</u>	<u>13,362</u>

2019			
Balance at beginning of the financial year	4,015	9,036	13,051
Additional provisions	1,696	-	1,696
Amounts used	(1,470)	(147)	(1,617)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	377	377
Balance at the end of the financial year	<u>4,241</u>	<u>9,265</u>	<u>13,507</u>

	2020 \$'000	2019 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,167	1,146
Long service leave	202	202
Time in lieu	99	99
	<u>1,468</u>	<u>1,447</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	244	246
Long service leave	2,399	2,309
	<u>2,644</u>	<u>2,555</u>
Total current employee provisions	<u>4,111</u>	<u>4,002</u>
Non-current		
Long service leave	349	239
Total non-current employee provisions	<u>349</u>	<u>239</u>
Aggregate carrying amount of employee provisions:		
Current	4,111	4,002
Non-current	349	239
Total aggregate carrying amount of employee provisions	<u>4,461</u>	<u>4,241</u>

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

Note 5 Our financial position

5.5. Provisions (cont'd)

(a) Employee provisions

Wages and salaries and annual leave

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

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

Long service leave

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

Key assumptions:

- discount rate	0.02%	1.04%
- index rate	1.75%	1.75%

	2020	2019
(b) Landfill restoration	\$'000	\$'000
Current	246	1,537
Non-current	8,655	7,728
	<u>8,901</u>	<u>9,265</u>

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

Key assumptions:

- discount rate	0.58%	1.46%
- index rate	1.50%	2.00%

5.6. Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.

Business Card Facility (balance cleared monthly)	50	50
Total facilities	<u>50</u>	<u>50</u>
Used facilities	-	-
Unused facilities	<u>50</u>	<u>50</u>

Note 5 Our financial position

5.7. Commitments

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

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Operating					
Garbage collection	565	-	-	-	565
Consultancies	252	-	-	-	252
Civil Works	933	-	-	-	933
Information Technology	41	41	24	-	105
Total	1,791	41	24	-	1,856
Capital					
Civil Works	1,617	1,350	-	-	2,967
Plant and Equipment	250	250	-	-	500
Total	1,867	1,600	-	-	3,467
2019					
Operating					
Garbage collection	3,034	759	-	-	3,793
Consultancies	61	61	-	-	122
Street Lighting	600	-	-	-	600
Information Technology	52	-	-	-	52
Total	3,748	820	-	-	4,567
Capital					
Civil Works	2,293	1,617	1,350	-	5,260
Plant and Equipment	250	250	250	-	750
Total	2,543	1,867	1,600	-	6,010

Note 5 Our financial position

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied AASB 16 Leases using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to AASB 16 Leases, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied AASB 16 Leases only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Note 5 Our financial position

5.8 Leases (cont'd)

<i>Right-of-Use Assets</i>	Plant and Equipment	Total
	\$'000	\$'000
Balance at 1 July 2019	869	869
Additions	89	89
Amortisation charge	(95)	(95)
Balance at 30 June 2020	<u>863</u>	<u>863</u>

<i>Lease Liabilities</i>	2020
Maturity analysis - contractual undiscounted cash	\$'000
Less than one year	140
One to five years	521
More than five years	373
Total undiscounted lease liabilities as at 30 June:	<u>1,034</u>

Lease liabilities included in the Balance Sheet at 30 June:

Current	105
Non-current	773
Total lease liabilities	<u>879</u>

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020
Expenses relating to:	\$'000
Short-term leases	81
Leases of low value assets	-
Total	<u>81</u>
Variable lease payments (not included in measurement of lease)	-

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases*.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under *AASB 117 Leases*, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under *AASB 117 Leases* immediately before that date.

Council is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

Impact on financial statements

On transition to *AASB 16 Leases*, Council recognised an additional \$869k of right-of-use assets and \$869k of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4.25%.

Note 6 Assets we manage

6.1. Property, Infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2020 \$'000
Property	69,156	1,104	-	-	(1,702)	-	-	291	68,849
Plant and equipment	6,181	2,744	-	-	(1,310)	(277)	-	85	7,423
Infrastructure	234,182	7,122	728	32,113	(7,932)	-	-	4,863	271,076
Work in progress	9,907	3,915	-	-	-	-	(201)	(5,238)	8,383
	319,426	14,885	728	32,113	(10,944)	(277)	(201)	-	355,731

Summary of Work In Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	377	-	(70)	(291)	16
Plant and equipment	262	147	(114)	(85)	210
Infrastructure	9,268	3,768	(17)	(4,863)	8,157
Total	9,907	3,915	(201)	(5,238)	8,383

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Land under roads \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2019	3,362	21,784	224	25,369	71,989	16,443	88,432	377	114,178
Accumulated depreciation at 1 July 2019	-	-	-	-	(37,834)	(6,811)	(44,645)	-	(44,645)
	3,362	21,784	224	25,369	34,156	9,631	43,787	377	69,533
Movements in fair value									
Additions	22	-	-	22	1,008	74	1,082	-	1,104
Write-off	-	-	-	-	-	-	-	(70)	(70)
Transfers	-	-	-	-	276	15	291	(291)	-
	22	-	-	22	1,284	89	1,373	(361)	1,034
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(1,473)	(229)	(1,702)	-	(1,702)
	-	-	-	-	(1,473)	(229)	(1,702)	-	(1,702)
At fair value 30 June 2020	3,383	21,784	224	25,391	73,273	16,532	89,805	16	115,212
Accumulated depreciation at 30 June 2020	-	-	-	-	(39,307)	(7,040)	(46,347)	-	(46,347)
	3,383	21,784	224	25,391	33,966	9,492	43,458	16	68,865

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Work in Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2019	9,694	9,917	1,350	262	21,223
Accumulated depreciation at 1 July 2019	(5,624)	(7,952)	(1,204)	-	(14,781)
	4,070	1,965	146	262	6,443
Movements in fair value					
Additions	2,176	568	-	147	2,891
Disposal	(695)	-	-	-	(695)
Write-off	-	-	-	(114)	(114)
Transfers	-	85	-	(85)	-
	1,481	653	-	(52)	2,082
Movements in accumulated depreciation					
Depreciation and amortisation	(950)	(274)	(86)	-	(1,310)
Accumulated depreciation of disposals	418	-	-	-	418
	(532)	(274)	(86)	-	(892)
At fair value 30 June 2020	11,175	10,570	1,350	210	23,305
Accumulated depreciation at 30 June 2020	(6,156)	(8,226)	(1,290)	-	(15,672)
	5,019	2,343	61	210	7,633

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2019	256,119	17,210	27,726	45,352	7,904	9,268	363,579
Accumulated depreciation at 1 July 2019	(85,648)	(3,739)	(8,522)	(19,980)	(2,241)	-	(120,130)
	170,471	13,471	19,205	25,372	5,663	9,268	243,449
Movements in fair value							
Additions	3,861	474	478	702	1,608	3,768	10,890
Contributions	290	-	57	381	-	-	728
Revaluation	4,159	-	240	(10,945)	-	-	(6,546)
Write-off	-	-	-	-	-	(17)	(17)
Transfers	4,239	200	-	114	309	(4,863)	-
	12,549	674	774	(9,748)	1,917	(1,111)	5,055
Movements in accumulated depreciation							
Depreciation and amortisation	(5,802)	(409)	(699)	(511)	(511)	-	(7,932)
Revaluation	27,076	-	147	11,437	-	-	38,660
	21,274	(409)	(552)	10,926	(511)	-	30,727
At fair value 30 June 2020	268,669	17,884	28,501	35,604	9,821	8,157	368,635
Accumulated depreciation at 30 June 2020	(64,375)	(4,148)	(9,074)	(9,054)	(2,752)	-	(89,403)
	204,294	13,735	19,427	26,549	7,070	8,157	279,232

Note 6 Assets we manage

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

Acquisition

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

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

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

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

Note 6 Assets we manage

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

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Revaluation Date
Land	-	21,784	-	30/06/2018
Specialised land	-	-	3,607	30/06/2018
Buildings	-	9,492	33,966	30/06/2018
Total	-	31,275	37,574	

Note 6 Assets we manage

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

Valuation of infrastructure

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

An index and condition based revaluation was conducted in the current year.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level2	Level 3	Revaluation Date
Roads	-	-	204,294	30/06/2020
Bridges	-	-	13,735	30/06/2020
Footpaths and cycleways	-	-	19,427	30/06/2018
Drainage	-	-	26,549	30/06/2020
Other infrastructure	-	-	7,070	N/A
Total	-	-	271,076	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$270 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$2,250 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2020 \$'000	2019 \$'000
Reconciliation of specialised land		
Land under roads	224	224
Parks and reserves	3,383	3,362
Total specialised land	3,607	3,586

Correction of a prior period error

Council have identified a prior period error, which relates to the recognition of Council assets that were not recognised in the Financial Statements in prior years. These identified assets relate to the recognition of Drainage assets valued at \$2,518m. The Financial Statements have been adjusted to reflect the Found Assets, including the restatement of the 2018-19 comparative figures, increasing property, infrastructure, plant and equipment and accumulated surplus.

The error has been corrected by restating each of the impacted financial statement line items for the year in which the error occurred and described above.

	2020 \$'000	2019 \$'000
Drainage		
Opening Balance	25,372	22,941
Movements in fair value	(9,748)	419
Movements in accumulated depreciation	10,926	(506)
Closing balance per financial statements	26,549	22,854
Adjustment - Found Assets	-	2,518
Adjusted Closing Balance	26,549	25,372

Note 6 Assets we manage	2020	2019
6.2. Investments in associates, joint arrangements and subsidiaries	\$'000	\$'000

(a) Investments in associates

Investments in associates accounted for by the equity method are:

- Corangamite Regional Library Corporation
- Colac Community Library and Learning Centre

Corangamite Regional Library Corporation

Background

The Corangamite Regional Library Corporation is a corporation owned by four (4) councils: Colac Otway Shire, Corangamite Shire, Moynes Shire and Warrambol City. Colac Otway Shire has a 24.04% equity interest in 2019/2020 (2018/2019 24.05%).

Fair value of Council's investment in Corangamite Regional Library Corporation

Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	375	293
Reported surplus/(deficit) for year	51	34
Transfers (to) from reserves	0	46
Council's share of accumulated surplus/(deficit) at end of year	<u>426</u>	<u>374</u>
Council's share of reserves		
Council's share of reserves at start of year	15	61
Transfers (to) from reserves	-	(46)
Council's share of reserves at end of year (based on population)	<u>15</u>	<u>15</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	390	355
Share of surplus/(deficit) for year	51	34
Share of asset revaluation		
Change in equity share due to population change	-	1
Carrying value of investment at end of year	<u>441</u>	<u>390</u>

Significant restrictions

The associate is not required to repay dividends, loans or advances to Council.

(b) Investments in joint ventures

Colac Community Library and Learning Centre

Background

The Colac Community Library and Learning Centre is a joint venture between the Colac Otway Shire and Victorian Department of Education and Early Childhood Development and the Colac Secondary College, which results in Colac Otway Shire legally owning 50% of the assets.

The venture's purpose is to construct and operate a joint use library facility.

Council's commitment to the venture is limited to providing a contribution to the construction and fitout costs. Council's share is 50% of costs.

Council accounts for its interests in the joint venture by applying the proportionate consolidation method and by combining Council's share of each of the assets, liabilities, incomes and expenses of the jointly controlled entity with similar items line by line in council's financial statements.

Council's share of accumulated surplus/(deficit)

Council is not entitled to a share of any accumulated surplus or deficit.

Council's share of reserves

Council is not entitled to a share of any reserves

Movement in carrying value of specific investment

Carrying value of investment at start of year	2,840	2,880
Depreciation	(40)	(40)
Carrying value of investment at end of year	<u>2,800</u>	<u>2,840</u>

Council's share of expenditure commitments

Council is not exposed to any further expenditure commitments.

Council's share of contingent liabilities and contingent assets

There are no known contingencies outstanding as at 30 June 2020.

Significant restrictions

The joint venture is not required to repay dividends, loans or advances to Council.

Note 7 People and relationships	2020	2019
7.1. Council and key management remuneration	No.	No.
(a) Related Parties		
<i>Parent entity</i>		
Colac Otway Shire Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.2.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Councillor Chris Potter		
Councillor Stephen Hart		
Councillor Chris Smith		
Councillor Brian Crook		
Councillor Kate Hanson		
Councillor Joe McCracken		
Councillor Jason Schram (Mayor)		
Chief Executive Officer and other Key Management Personnel		
Chief Executive		
General Manager Corporate Services		
General Manager Infrastructure and Leisure Services		
General Manager Development & Community Services		
Total Number of Councillors	7	8
Total of Chief Executive Officer and other Key Management Personnel	4	5
Total Number of Key Management Personnel	11	13
(c) Remuneration of Key Management Personnel	2020	2019
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,027	1,088
Long-term benefits	19	18
Post employment benefits	72	75
Total	1,118	1,181
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	-	1
\$20,000 - \$29,999	4	3
\$30,000 - \$39,999	2	2
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	1	-
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	2	-
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	-	1
	11	13
(d) Senior Officer Remuneration		
A Senior Officer is an officer of Council, other than Key Management Personnel, who:		
a) has management responsibilities and reports directly to the Chief Executive; or		
b) whose total annual remuneration exceeds \$151,000		
The number of Senior Officers are shown below in their relevant income bands:		
Income Range:	2020	2019
	No.	No.
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	3	2
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	1	-
	5	4
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	831	606

Note 7 People and relationships	2020	2019
7.2. Related party disclosure	\$'000	\$'000

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties.

Employee benefit	46	22
Materials & Services	35	19
Other Expenses	6	4

The following is the aggregate amount of transactions with **Investments in associates**.

Payments made to Corangamite Regional Library Corporation	727	709
Payments received from Corangamite Regional Library	1	28

All transactions Council enter into with related parties are undertaken on commercial terms, within Council Policy.

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

Accounts Receivable	-	-
Accounts Payable	2	1

(c) Loans to/from related parties

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to any related parties.

(d) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party.

Note 8 Managing uncertainties

8.1. Contingent assets and liabilities

(a) Contingent assets

Council has a number of funding sources that are contingent on the completion of an acquittal report early in the 2019/20 financial year resulting in revenue being recognised, and cash received, in 2020/21, rather than 2019/20.

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Financial Assurances

Council is obligated under Section 194 (2A) and 21 of the Environment Protection Act 1970 to provide financial assurance for any remedial action, rehabilitation and site aftercare costs in relation to the Alvie tip site. The purpose of this provision is to ensure that Council does not impose any undue burden on Council's ratepayers to address any of these costs during the operation or after the closure of its operating landfill sites. The amount of the financial assurance provided to the Environment Protection Authority (EPA) is \$322,500.

(c) Guarantees for loans to other entities

Council has no guarantees in place for loans to other entities.

8.2. Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 *Property, Plant and Equipment* or AASB 138 *Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for

The Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

Note 8 Managing uncertainties

8.3. Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

Note 8 Managing uncertainties

8.3. Financial Instruments (cont'd)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +0.25% and -0.25% in market interest rates (AUD) from year-end rates of 0.81%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4. Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

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

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

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

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

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

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

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

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

Impairment of assets

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

Note 8 Managing uncertainties

8.4. Fair value measurement (cont'd)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

8.5. Events occurring after balance date

The COVID-19 Pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Colac Otway Shire at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Colac Otway Shire, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster still in place.

No other matters have occurred after balance date that require disclosure in the financial report.

Note 9 Other matters

9.1. Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2020			
Property			
Land	16,529	-	16,529
Buildings	8,570	-	8,570
	25,099	-	25,099
Plant and Equipment			
Fixed plant, furniture and equipment	293	-	293
	293	-	293
Infrastructure			
Roads	109,441	31,235	140,676
Bridges	7,914	-	7,914
Footpaths and cycleways	7,312	386	7,698
Kerb and channelling	11,619	-	11,619
Drainage	14,341	492	14,833
	150,626	32,113	182,740
Total asset revaluation reserves	176,018	32,113	208,131
2019			
Property			
Land	16,529	-	16,529
Buildings	8,570	-	8,570
	25,099	-	25,099
Plant and Equipment			
Fixed plant, furniture and equipment	293	-	293
	293	-	293
Infrastructure			
Roads	88,521	20,920	109,441
Bridges	7,914	-	7,914
Footpaths and cycleways	7,312	-	7,312
Kerb and channelling	11,619	-	11,619
Drainage	14,341	-	14,341
	129,706	20,920	150,626
Total asset revaluation reserves	155,098	20,920	176,018

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Note 9 Other matters

9.1. Reserves (cont'd)

(b) Other reserves

2020

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
Carried Forward Projects	3,372	2,465	(3,372)	2,466
Port of Apollo Bay	2,022	1,499	(2,956)	565
Waste Management	2,004	3,199	(2,896)	2,307
Long Service Leave	2,572	332	(252)	2,652
Landfill rehabilitation (Alvie)	923	57	-	980
Recreational lands	768	124	-	892
Colac livestock selling centre	26	462	(488)	-
Rehabilitation	789	143	-	932
Plant replacement	2,441	1,591	(2,176)	1,856
Tirrengower Drainage Scheme	11	22	(9)	24
Local Government Financial Vehicle				
Sinking Funds	1,000	-	(1,000)	-
Water Saving Urban Design	-	44	-	44
Contingent Liability	500	-	(500)	-
Strategic Projects	382	220	-	602
Financial Assistance Grants received in advance	3,663	3,438	(3,662)	3,439
Disaster Recovery	2,155	-	(2,149)	6
Total Other reserves	22,627	13,598	(19,459)	16,765

2019

Carried Forward Projects	3,970	-	(598)	3,372
Port of Apollo Bay	1,173	2,690	(1,842)	2,022
Waste Management	1,778	3,156	(2,929)	2,004
Long Service Leave	2,631	2,750	(2,809)	2,572
Landfill rehabilitation (Alvie)	866	57	-	923
Recreational lands	725	43	-	768
Colac livestock selling centre	124	488	(586)	26
Rehabilitation	646	143	-	789
Plant replacement	2,082	1,783	(1,424)	2,441
Tirrengower Drainage Scheme	11	22	(23)	11
Local Government Financial Vehicle				
Sinking Funds	1,004	100	(104)	1,000
Unallocated Surplus	934	-	(934)	-
Contingent Liability	500	-	-	500
Strategic Projects	200	382	(200)	382
Financial Assistance Grants received in advance	3,199	3,663	(3,199)	3,663
Disaster Recovery	1,789	366	-	2,155
Total Other reserves	21,630	15,644	(14,648)	22,627

Note 9 Other matters

9.1. Reserves (cont'd)

Purposes for Reserves

Carried forward projects reserve

This reserve is to recognise the funds allocated and received in prior financial periods that are committed to unfinished projects. This includes grants received in advance for specific projects and funds allocated from prior financial years for projects that are still incomplete at the end of the current financial year.

Port of Apollo Bay reserve

These funds are bound by an agreement with the Department of Transport concerning the operations of the Port of Apollo Bay and are the value of cash assets owed.

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.

Recreational lands reserve

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

Colac livestock selling centre reserve

This reserve is for the purpose of funding works at the Colac Livestock Selling Centre and all funds are derived from any surplus made from the operations of the Colac Livestock Selling Centre.

Rehabilitation reserve

This reserve is to fund the rehabilitation of the various waste disposal sites across the Colac Otway Shire.

Plant replacement reserve

This reserve is to fund the replacement of council's plant at the end of their useful lives. Inflows to the reserve accrue out of any plant operating surplus with the funds then being used for the changeover of plant.

Tirrengower Drainage Scheme reserve

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

Local Government Financing Vehicle Sinking Fund

This reserve has been established to set aside monies to fund the repayment of the Local government Financing Vehicle (LGFV) bonds as the bonds come due for payment.

Water Saving Urban Design reserve

Statutory reserve to be used for the construction of Future Water Quality Infrastructure.

Contingent liability reserve

This reserve allows for the payment of a potential obligation that may be incurred depending on the outcome a future event.

Strategic Projects Reserve

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

Financial Assistance Grants received in advance

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

Disaster Recovery reserve

The purpose of this reserve is to set aside funds received in advance for use in the recovery of Disaster events. The reserve may only be used in accordance with the terms of the disaster relief funding agreements.

Note 9 Other matters	2020	2019
9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	1,167	6,971
Revenue adjustment - impact of AASB 15 Revenue from Contracts with Customers	(1,153)	-
Depreciation/amortisation	11,039	10,268
Finance costs	137	178
Share of result of associate	(51)	(35)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	44	(202)
Contributions - non monetary assets	(728)	(457)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(55)	(115)
(Increase)/decrease in prepayments	104	16
(Increase)/decrease in accrued income	(160)	(88)
(Decrease)/increase in trade and other payables	1,722	(882)
(Increase)/decrease in inventories	(67)	2
(Increase)/decrease in trust funds & deposits	183	410
(Decrease)/increase in provisions	(145)	455
Net cash provided by/(used in) operating activities	<u>12,036</u>	<u>16,521</u>

9.3. Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Colac Otway Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Colac Otway Shire Council is a contributing employer was 107.1%.

The financial assumptions used to calculate the VBIs were:

Net investment returns 6.0% pa

Salary information 3.5% pa

Price inflation (CPI) 2.0% pa.

Vision Super has advised that the VBI at 30 June 2020 was 104.6%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Note 9 Other matters

9.3. Superannuation (cont'd)

Employer Contributions

Regular Contributions

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding Calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Colac Otway Shire is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Colac Otway Shire Council is a contributing employer:

	2019	2017
	\$'000	\$'000
A VBI surplus	151,300	69,800
A total service liability surplus	233,400	193,500
A discounted accrued benefits surplus	256,700	228,800

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to the investigation date.

Council was notified of the 30 June 2019 VBI during August 2019.

The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020	2017
	Triennial Investigation	Triennial Investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.50 % pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.5% pa

Note 10 Change in accounting policy

Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 *Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted AASB 15 *Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under AASB 118 *Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 *Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 *Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted AASB 1058 *Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 *Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	124,652
Revenue adjustment - impact of AASB 15 <i>Revenue from Contracts with Customers</i>	(1,153)
Retained earnings at 1 July 2019	123,499

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of AASB 16

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Right of use assets	-	869	869
Grants receivable	-	1,529	1,529
	-	2,398	2,398
Liabilities			
Unearned income - operating grants	-	2,062	2,062
Unearned income - capital grants	-	619	619
Lease liability - current	-	79	79
Lease liability - non-current	-	790	790
	-	3,551	3,551

Note 11 Impact of COVID 19 pandemic on Colac Otway Shire operations and 2019-20 financial report

On 30 January 2020, COVID 19 was declared as a global pandemic by World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted Colac Otway Shire operations in the following areas for the financial year ended 30 June 2020:

- In response to significant government directive amidst the COVID-19 outbreak, the following facilities were closed.
 - o Bluewater Leisure Centre.
 - o Colac Otway Performing Arts & Cultural Centre.
 - o Colac Visitor Information Centre.
 - o Great Ocean Road Visitor Information Centre.
- These closures resulted in a decrease in the council User Fee revenue and also decreased associated expenses.
- In response to government directives, additional ICT infrastructure has been introduced to ensure that Council Officers have the ability to work from home effectively and the public can participate in Ordinary Council Meetings.
- In response to government directives, additional hygiene and cleaning practices have been introduced within the workplace.
- There has been a financial impact to Council from deferral of rates revenue and the implementation of an interest free period. The Rates Debtor balance as at 30 June 2020 has increased by \$645k compared to last year, which can predominately be attributed to rate payers taking advantage of the interest free period.
- A Community Support Package was developed to support the local business community's COVID-19 response and recovery, which was adopted in 2020-2021.

Performance Statement

For the year ended 30 June 2020

Description of Municipality

Colac Otway Shire is situated about 160 kilometers south-west of the Melbourne CBD and approximately an hour's drive to the large regional cities of Geelong to the east, Ballarat to the north and Warrnambool to the west. Colac Otway Shire has a unique and precious natural environment containing some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

Our resident population is estimated at 21,564 as at 30 June 2020. Approximately 83.2% of the Shire's residents were born in Australia and of those born overseas, only 4.2% came from non-English speaking nations. The forecast through to 2041 is for growth of approximately 23.39%, this significant increase is expected in part due to the completion of the dual highway to Geelong. The duplication opens up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

The five major industry sectors are:

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

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

Colac Otway Shire Council provides 49 high quality services and facilities across a range of areas including Community Services, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building, Economic Development and Tourism, Parks and Gardens.

Sustainable Capacity Indicators

For the year ended 30 June 2020

Service/indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations and Comments
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,192.10	\$2,341.46	\$2,539.11	\$2,577.70	The indicator has been contained to a 1.5% increase from 2018/19 primarily due to the increase in Employee Benefits and Materials and Services both being kept below 2%. This indicator will generally increase annually due to the stable population of the shire.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$11,996.72	\$12,203.77	\$13,558.14	\$15,319.07	An asset revaluation was completed in 2019/20 for infrastructure assets, which resulted in a net revaluation increment. This indicator has increased as a result of the increased value of infrastructure assets.
Population density per length of road [Municipal population / Kilometres of local roads]	13.18	13.22	13.20	13.28	
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,664.87	\$1,677.98	\$1,777.87	\$1,797.15	The growth in this indicator has been restricted primarily due to the 0.5% increase in rate revenue in 2019/20 (rate cap 2.5%). Rate Revenue is Council's primary source of own-sourced revenue.
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$573.06	\$617.03	\$596.29	\$560.47	Council's recurrent grants have remained steady over recent years. The fluctuation in this indicator is primarily the result of the timing and amount of Federal Assistance Funding. 53% of 2019/20 funding was received in 2018/19.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio- Economic Disadvantage by decile]	3.00	3.00	3.00	3.00	A rating of 3 indicates Colac Otway Shire is considered a disadvantaged area.

Service/indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations and Comments
Workforce turnover Percentage of staff turnover [Index of Relative Socio- [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	23.8%	17.9%	17.3%	11.2%	Following two Alignment and Engagement Survey's the organisation has begun to respond to the cultural and employment concerns raised by our employees. Specific actions have been implemented to improve engagement and communication within the organisation, presence of leadership, addressing short-term and contracted employees and implementing cultural improvement activities. The organisation's collective response to turnover is seeing improvements in retention of employees. A further contributing factor to reduced turnover is suspected to be due to COVID-19.

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its website

"unrestricted cash" means all cash and cash equivalents other than restricted cash

Service Performance Indicators

For the year ended 30 June 2020

Service/indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations and Comments
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.08	5.01	4.60	5.17	Numbers were trending upward until COVID closed the centre on 23 March 2020. Re-opening 1 June 2020 for pool only (20 people at a time) and 22 June 2020 for Gym (20 people at a time) restricted the upward trend significantly.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	<i>This new indicator now on reports the percentage of successful animal management prosecutions.</i> Council only pursued two prosecutions in 2019/20 and was successful in both cases.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	10.00	6.00	4.00	Retired in 2020	<i>This measure has been retired.</i>
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	81.25%	100.00%	94.74%	97.50%	High result consistent with 2018/19 performance, reflecting focus given by staff to this task. 39 of the 40 notifications had been followed up by 30 June 2020.

Service/indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations and Comments
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	45.00	49.00	52.00	50.00	
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library members / Municipal population] x100	16.70%	16.04%	14.99%	15.45%	Active borrowers of physical collections are lower in 2019/20 due to the closure of Library centres between 23 March 2020 and 9 June 2020, in response to the COVID-19 pandemic. Despite this, borrowing figures have increased slightly due to active borrowers of E-resources being included this year for the first time.
Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	69.68%	70.85%	74.44%	55.23%	Following advice from DHHS to Maternal Child Health Services in response to the COVID-19 pandemic, priority was placed on visits for babies 0-8 weeks old during the last quarter of 2019/20. This has resulted in a drop in attendance from older children who were otherwise well.
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	60.38%	66.67%	58.33%	55.26%	Less identified Aboriginal families in the last financial year. This result is based on small numbers of enrolled children.
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	42.00	39.00	42.00	44.00	The Services and Operations team has continued their focus on "Fix it first time" and has shown a determination to react to problems more quickly. Its compliance with the response times contained in the Road Management Plan improved into the high 90's during the year.

Service/indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations and Comments
Statutory Planning Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	100.00%	0.00%	50.00%	Three of the six VCAT decisions were upheld
Waste Collection Waste diversion Kerbside collection waste 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	47.09%	47.79%	52.06%	60.38%	The increase in waste diverted from landfill is due to better source separation at the kerbside and the extra weekly collection of green organics in October/ November and yellow recycling bins during Christmas school holiday period.

Definitions

"**Aboriginal child**" means a child who is an Aboriginal person

"**Aboriginal person**" has the same meaning as in the *Aboriginal Heritage Act 2006*

"**active library member**" means a member of a library who has borrowed a book from the library

"**annual report**" means an annual report prepared by a council under sections 131, 132 and 133 of the *Local Government Act 1989*

"**class 1 food premises**" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"**class 2 food premises**" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"**critical non-compliance outcome notification**" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"**food premises**" has the same meaning as in the *Food Act 1984*

"**local road**" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"**major non-compliance outcome notification**" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized

officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

Financial Performance Indicators

For the year ended 30 June 2020

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2017	2018	2019	2020	2021	2022	2023	2024	
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,087.23	\$3,279.64	\$3,546.50	\$3,609.44	\$3,641.69	\$3,806.03	\$3,859.68	\$3,912.59	The indicator has been contained to a 1.8% increase from 2018/19 primarily due to the increase in Employee Benefits and Materials and Services both being kept below 2%. This indicator will generally increase annually due to the stable population of the shire.
Revenue level <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	\$1,747.87	\$1,752.27	\$1,787.51	\$1,811.10	\$1,848.12	\$1,864.17	\$1,896.62	\$1,929.68	Historically, this indicator has been consistent with other Large Rural Shires. The current Strategic Resource Plan assumes a 2.25% average rate increase for 2022 to 2024.
Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,650.83	\$1,664.15	\$1,788.98	Retired in 2020					<i>This measure has been retired.</i>
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	348.05%	254.66%	204.46%	178.40%	153.64%	125.52%	87.51%	56.62%	Working capital is forecast to continually decrease over the coming years as increases in revenue are not sufficient to cover the increases in operating costs associated with delivering the current level of services. Council will need to review its Revenue Strategy and the type and level of service it offers to address this concern.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2017	2018	2019	2020	2021	2022	2023	2024	
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	192.27%	9.42%	119.98%	104.93%	109.36%	80.39%	42.00%	11.25%	This indicator has reduced, and is forecast to reduce further, primarily due to increases in revenue not being sufficient to cover the increases in operating costs associated with delivering the current level of services. The 2019/20 result has been impacted by increased expenditure/reduced revenue resulting from the COVID-19 pandemic and an average rate increase of 0.5% (rate cap 2.5%), which is insufficient to meet increasing costs.
Obligations Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	13.67%	11.36%	8.92%	3.27%	2.32%	1.82%	0.00%	0.00%	This indicator is much lower in 2019/20 due to a \$1m bond repayment in November 2019, which was taken under the Local Government Funding Vehicle in 2014.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.71%	2.79%	2.71%	5.74%	1.06%	0.56%	1.89%	0.00%	This indicator was much higher in 2019/20 due to a \$1m bond repayment in November 2019, which was taken under the Local Government Funding Vehicle in 2014

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2017	2018	2019	2020	2021	2022	2023	2024	
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	30.33%	30.33%	23.52%	27.14%	26.07%	25.27%	23.44%	22.87%	This has increased primarily due to Council's own-sourced income only increasing by 1.9% in 2019/20. This was largely impacted by an average rate increase of 0.5% (rate cap 2.5%) and also some lost revenue relating to the COVID-19 pandemic.
Asset renewal and upgrade Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	108.81%	89.48%	107.16%	108.28%	104.54%	This indicator is budgeted to significantly reduce in 2020/21 due to a reduced capital works program and a one-off reduction in renewal projects. This reduction in renewal expenditure has been reallocated to support the community in the recovery from the COVID-19 pandemic.
Asset renewal Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	97.66%	115.56%	125.63%	Retired in 2020					This measure has been retired.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2017	2018	2019	2020	2021	2022	2023	2024	
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	9.27%	0.97%	4.15%	-3.55%	-1.02%	-2.41%	-2.81%	-3.05%	This indicator has reduced, and is forecast to remain in deficit, primarily due to increases in revenue not being sufficient to cover the increases in operating costs associated with delivering the current level of services. The 2019/20 result has been impacted by increased expenditure/reduced revenue resulting from the COVID-19 pandemic and an average rate increase of 0.5% (rate cap 2.5%), which is insufficient to meet increasing costs. The 2019/20 result has also been impacted by the introduction of new Accounting Standards. The result would have been -1.04% if these Accounting Standards had not been introduced.
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	56.35%	58.51%	53.55%	58.39%	57.42%	56.29%	56.64%	56.93%	This indicator has increased due to a significant reduction in adjusted underlying revenue in 2019/20. The 2018/19 figure contained some large operating grants that are classified as adjusted underlying revenue.
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.50%	0.51%	0.46%	0.47%	0.45%	0.44%	0.43%	0.43%	This indicator is forecast to continually decrease as property values are expected to increase at a greater rate than rate revenue. Property values are forecast to increase by 4% p.a. compared to a 2.25% p.a. average increase in rate revenue.

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash

Other Information

For the year ended 30 June 2020

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 22 July 2020 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.



Jason Clissold FCPA
Principal Accounting Officer
21 October 2020
Colac

In our opinion, the accompanying performance statement of the Colac Otway Shire Council for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.


The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.



Cr Jason Schram
Councillor
21 October 2020
Colac



Cr Stephen Hart
Councillor
21 October 2020
Colac



Peter Brown
Chief Executive
21 October 2020
Colac

Independent Auditor's Report

To the Councillors of Colac Otway Shire Council

Opinion	<p>I have audited the accompanying performance statement of Colac Otway Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.</p> <p>Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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

MELBOURNE
28 October 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria

ACRONYMS & DEFINITIONS

AFL	Australian Football League
BSWWRRG	Barwon South West Waste & Resource Recovery Group
BMS	Building Management Systems
CBD	Central Business District
CEO	Chief Executive Officer
COS	Colac Otway Shire
COPACC	Colac Otway Performing Arts & Cultural Centre
CCPW	Community Combating Pests & Weeds
Cr	Councillor
COVID-19	Coronavirus Pandemic
DELWP	Department of Environment, Land, Water & Planning
DWMP	Domestic Wastewater Management Plan
EEO	Equal Employment Opportunity
EFT	Electronic Funds Transfer
EM	Emergency Management
EMT	Executive Management Team
EOI	Expression of Interest
EPA	Environment Protection Agency
ERC	Emergency Recovery Centre
FTE	Full Time Equivalent
FOI	Freedom of Information
FPN	Fire Prevention Notice
G21	Geelong Regional Alliance
GORVIC	Great Ocean Road Visitor Information Centre
GSPO	Guidelines for Safe Pool Operations
HVAC	
IBAC	Independent Broad-based Anti-Corruption Commission
IT	Information Technology
LGES	
LGPRO	Local Government Professionals
LGPRF	Local Government Performance Reporting Framework
LTFP	Long Term Financial Plan
MCH	Maternal and Child Health
MFPO	Municipal Fire Prevention Officer
NSP	
OHS	Occupational Health & Safety
OPASS	Older Persons and Ability Support Services
PHEV	
RFC	
SafetyMAP	Accreditation through the Victorian Workcover Authority
SRP	Strategic Resource Plan
VAGO	Victorian Auditor-Generals Office
VCAT	Victorian Civil and Administrative Tribunal

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